PB90-108549

# ARCS (Alternative Remedial Contract Strategy) Contracts Users' Manual

(U.S.) Environmental Protection Agency, Washington, DC

Aug 89

U.S. Department of Commerce
National Technical Information Service
NTIS

PB90-108549

United States
Environmental Protection
Agency

Office of Emergency and
Remedial Response
Washington DC 20460

EPA/540/G-89/008
August 1989

Superfund

EPA

# ARCS Contracts Users' Manual

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL INFORMATION SERVICE
SPRINGFIELD, VA. 22161

EPA/540/G-89/008
August 1989

# ARCS Contracts Users' Manual

Office of Emergency and Remedial Response
U.S. Environmental Protection Agency
Washington, DC 20460

## TECHNICAL REPORT DATA

*(Please read Instructions on the reverse before completing)*

| | | |
|---|---|---|
| 1. REPORT NO.<br>EPA/540/G-89/008 | 2. | 3. RECIPIENT'S ACCESSION NO.<br>PB90 108549/AS |
| 4. TITLE AND SUBTITLE<br>ARCS Contracts Users' Manual | | 5. REPORT DATE<br>August 1989 |
| | | 6. PERFORMING ORGANIZATION CODE |
| 7. AUTHOR(S)<br>Ben Hamm, Editor | | 8. PERFORMING ORGANIZATION REPORT NO. |
| 9. PERFORMING ORGANIZATION NAME AND ADDRESS<br>Same as Block 12 | | 10. PROGRAM ELEMENT NO. |
| | | 11. CONTRACT/GRANT NO. |
| 12. SPONSORING AGENCY NAME AND ADDRESS<br>Office of Emergency and Remedial Response<br>U.S. Environmental Protection Agency<br>Washington, DC 20460 | | 13. TYPE OF REPORT AND PERIOD COVERED |
| | | 14. SPONSORING AGENCY CODE<br>EPA-540/01 |

15. SUPPLEMENTARY NOTES

16. ABSTRACT

The purpose of this handbook is to provide guidance for EPA Regional personnel with responsibility for management and administration of Alternative Remedial Contract Strategy (ARCS) contracts. The ARCS is EPA's approach to obtaining project management and technical services to support remedial response activities at National Priorities List (NPL) sites. Guidance is provided on contractor start-up, operational functions and a management plan for multi-regional ARCS contracts.

17. KEY WORDS AND DOCUMENT ANALYSIS

| a. DESCRIPTORS | b. IDENTIFIERS/OPEN ENDED TERMS | c. COSATI Field/Group |
|---|---|---|
| | | |

| | | |
|---|---|---|
| 18. DISTRIBUTION STATEMENT<br>RELEASE TO PUBLIC | 19. SECURITY CLASS (This Report)<br>UNCLASSIFIED | 21. NO. OF PAGES<br>90 |
| | 20. SECURITY CLASS (This page)<br>UNCLASSIFIED | 22. PRICE |

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# 1.0 BACKGROUND AND STRUCTURE OF THE ARCS CONTRACTS

## 1.1 BACKGROUND

The Alternative Remedial Contract Strategy (ARCS) is EPA's approach to obtaining project management and technical services to support remedial response activities at National Priorities List (NPL) sites. This approach to contracting for remedial response services is intended to optimize quality, timeliness and cost efficiency by:

- Promoting continuity in site project management and execution, from remedial planning through construction
- Decentralizing contract management responsibilities, thereby placing authority and responsibility for management decisions within the Regional offices
- Implementing performance incentives to the maximum extent possible, by awarding multiple contracts in each Region or Zone, and using triannual ratings of contractor performance to determine the amount of work assigned to a given contractor.

The ARCS program represents a significant departure from other Superfund contracting programs in its management and incentive approach.

## 1.2 PURPOSE

ARCS places substantial responsibility on EPA Regional offices for managing remedial response support contracts. Unlike the Remedial Planning (REM) contracts, Regional personnel will be responsible for all basic contract management and administrative functions under ARCS. The purpose of this handbook is to provide guidance for EPA Regional personnel with responsibility for management and administration of ARCS contracts.

## 1.3 STRUCTURE OF ARCS CONTRACTS

This section briefly describes the basic structure and scope of ARCS contracts. Individual ARCS contracts will vary, particularly with regard to prices, and should be reviewed by Regional personnel for specific information.

### 1.3.1. ARCS Contract Scope

ARCS contracts include two main categories of support: site-specific technical support and overall program management (PM). Site-specific technical support is divided into five broad functional areas as described below:

- Site-specific Project Management - Provide project planning, monitoring, and control in performing work assigned to accomplish the overall remedial response

- Remedial Planning - Conduct remedial investigation/feasibility studies (RI/FSs), analyzing site conditions and developing alternatives for remedies

- Remedial Design - Evaluate necessary field and laboratory studies, address permit and regulatory requirements, coordinate with State officials, participate in community relations activities, review design criteria and rationale, and confirm cost estimates and proposed project schedule

- Remedial Implementation - Support the procurement and management of construction services for remedy implementation

- Other Technical and Management Assistance - Support EPA in oversight of remedial responses being conducted by other parties, and provide support in enforcement, community relations, quality assurance, data management and analysis, and other related technical activities.

Each of these functional areas includes several specific tasks or activities that are defined in the contract Statement of Work (SOW). The precise tasks or activities that will be performed at any given site will be defined in the SOW that will accompany each work assignment (WA). While EPA is free to tailor individual WA SOWs to a particular site, the scope of the WA SOW must be within the scope of the basic ARCS contract.

Program management constitutes technical, management, administrative and clerical activities performed by the contractor in order to ensure:

- Quality control/quality assurance of all work performed under the contract including data management

- Efficient personnel management including staffing, recruiting, training, and mobilization

- Adherence to standard Agency and other Federal procedures and guidelines (e.g., security, health and safety, and enforcement/legal)

- Effective contract management (e.g., schedule and cost control, reporting, and non-project specific problem solving)

- Adherence to the requirements and objectives of the approved subcontracting plan (e.g., ability to meet Minority Business Enterprise subcontracting goals, subcontracting agreement turnaround times, contractual vehicles used).

The Project Officer (PO) does not have to issue WAs to define or start PM activities. PM is provided on an as needed basis by the contractor as long as base or optional PM dollars (see Section 1.3.2.2 below) are available in the contract.

### 1.3.2. ARCS Contract Type and Administrative Arrangements

ARCS contracts will be awarded on a Cost Plus Award Fee (CPAF) basis. Under this contract type, vendors costs are reimbursed each month as they are incurred. The fee consists of a base amount fixed at contract award and an award fee pool that may be earned in whole or in part based on the Government's evaluation of performance.

### 1.3.2.1 Site-Specific Technical Support

Site-specific technical support is provided under a level-of-effort (LOE) contracting structure. Contractors are required to provide professional staff who meet specified experience and education requirements for labor categories identified in the contract. When the PO issues a WA to perform remedial response activities at a particular site (see Section 3.4), the contractor will draw from this pool of professional staff to perform the WA.

EPA will award ARCS contracts in five discrete sizes. All five contract sizes, however, are not available for award in all EPA Regions. The range of contract sizes are depicted in Exhibit 1.3-1. As the exhibit shows, base awards range from 25,000 hours to 70,000 hours and contract maximum capacities from 145,000 hours to 780,000 hours over the allotted ten-year period of performance.

Exhibit 1.3-1 illustrates the base award, available yearly LOE options, and yearly ceilings for ARCS contracts. As the exhibit depicts, a base LOE allocation will be made at the start of contract performance. LOE options also are provided in all contract years. Options are broken into increments of 5,000 hours that can be awarded singly or in multiple groups. For example, the yearly option allocation for large contracts is broken into 20 increments of 5,000 hours each (100,000 hours). EPA may award these options in any combination up to the maximum allowed hours or option increments. LOE hours, either base or optional, that are awarded in any given year will carry over into subsequent years until they are fully utilized. However, options, allocated for a given year, may be awarded only in the year they are allocated.

## EXHIBIT 1.3-1

## ARCS LOE BREAKDOWN

| | CONTRACT SIZE | | |
|---|---|---|---|
| | **LARGE**<br>**560,000 Hour Max.** | **MEDIUM**<br>**300,000 Hour Max.** | **SMALL**<br>**145,000 Hour Max.** |
| BASE AWARD LOE | 30,000 Hours 1st Year<br>20,000 Hours 2nd Year<br>No Base Award in Years 3 - 10 | 30,000 Hours 1st Year<br>20,000 Hours 2nd Year<br>No Base Award in Years 3 - 10 | 15,000 Hours 1st Year<br>10,000 Hours 2nd Year<br>No Base Award in Years 3 - 10 |
| OPTIONAL LOE | 100,000 Hours per Year in 20 Blocks of 5,000 Hours Each | 50,000 Hours per Year in 10 Blocks of 5,000 Hours Each | 25,000 Hours per Year in 5 Blocks of 5,000 Hours Each |
| YEARLY CEILING | 100,000 Hours* | 50,000 Hours | 25,000 Hours |

* Yearly Ceilings May Be Exceeded by Executing Bilateral Contract Modifications.

The sum of the potential maximum base and optional hours exceeds the maximum LOE limits. This gives EPA the flexibility to provide a high LOE during peak periods of activity. However, the maximum LOE limits cannot be exceeded during the life of the contract. The contracts also include limits on yearly expenditures of LOE for each contract, which are shown in Exhibit 1.3-1. These yearly ceilings may be exceeded with a bilateral contract modification. If the contracts are so modified, options in excess of the yearly ceilings will be exercised at the prices specified for that year. Exceeding the ceiling for a particular contract year does not allow the contractor to exceed the overall contract ceiling.

### 1.3.2.2 ARCS Program Management

The ARCS contractors are required to provide a PM organization that will manage all non-site specific administration of the contract. This organization will include a single Project Manager and necessary support staff. PM is a separate line item under ARCS contracts with base amounts in years one and two and multiple options in each year that provide the PO with the ability to control costs by awarding PM options as they are needed.

The contract provisions for PM are substantially different from the LOE provisions described above for site-specific technical support. PM will be structured on a CPAF completion basis instead of the LOE basis used for site-specific ARCS tasks. The contract does not include a LOE figure for PM. By exercising a PM option, EPA authorizes the contractor to make reasonable expenditures up to the cost figure in the option or base award for PM support, without requiring the provision of a given LOE in specified labor categories. The PM base and option allocations also include fixed amounts for other direct costs (ODCs) such as travel and special equipment.

The PM base and option allocations are priced according to increments of site-specific LOE to be delivered during a given period. For example, for a medium-size ARCS contract, the first year base PM allocation is intended to support 30,000 hours of site-specific LOE. Each of the base and optional PM allocations is intended to support a given site-specific LOE increment.

Exhibit 1.3-2 illustrates the PM allocation available in each ARCS contract year for an ARCS contract with a base award of 50,000 LOE hours (see Exhibit 1.3-1 for a complete illustration of ARCS contract sizes). As the exhibit shows, a base PM allocation will be made at the beginning of the first and second year of contract performance. These allocations are intended to support 30,000 site-specific LOE hours in year one and 20,000 site-specific LOE hours in year two. PM options also are provided in these years to increase PM allocations when necessary. There is no base PM

## EXHIBIT 1.3-2
## PROGRAM MANAGEMENT SUPPORT ALLOCATION

| | CONTRACT YEAR | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| BASE PM ALLOCATION | PM SUPPORT FOR 30,000 LOE HOURS | PM SUPPORT FOR 20,000 LOE HOURS | NONE | NONE | NONE | NONE | NONE | NONE | NONE | NONE |
| NUMBER OF AVAILABLE OPTIONS | 5 | 10 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| OPTION SIZE | SUPPORT FOR 6,000 LOE HOURS | SUPPORT FOR 9,000 LOE HOURS | SUPPORT FOR 9,500 LOE HOURS | SUPPORT FOR 9,500 LOE HOURS | SUPPORT FOR 9,000 LOE HOURS | SUPPORT FOR 7,000 LOE HOURS | SUPPORT FOR 4,500 LOE HOURS | SUPPORT FOR 3,000 LOE HOURS | SUPPORT FOR 2,000 LOE HOURS | SUPPORT FOR 2,000 LOE HOURS |
| CONTINGENCY EQUIPMENT OPTION | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD | TBD |

**NOTE:**

THE ARCS CONTRACTS MAY INCLUDE CONTINGENCY OPTIONS FOR EQUIPMENT THAT IS NOT INCLUDED IN THE PM BASE ALLOCATIONS OR OPTIONS. THESE OPTIONS WILL BE SEPARATE FROM PM AND WILL BE AVAILABLE IN EACH CONTRACT YEAR. OPTIONS THAT ARE NOT AWARDED WILL NOT CARRY OVER TO SUBSEQUENT YEARS.

allocation in years three through ten. However, PM options are provided in each of these years as shown in Exhibit 1.3-2. The PM base and option allocations for small and medium-size ARCS contracts will be reduced proportionately to reflect the size of those contracts.

Funds awarded for PM in a given year, either base or optional, will carry over into subsequent years until they are fully expended. However, options allocated for a given year may be awarded only in the year they are allocated. For example, in year one there are five available PM options that may be awarded. If the PO exercises three of those options, the funds for the three options may be used at any time, but the remaining two options may not be exercised after the end of the first year.

## 1.4 ARCS CONTRACT MANAGEMENT ROLES AND RESPONSIBILITIES

The internal organization of both ARCS contractors and EPA Regional offices is a critical element contributing to the successful implementation of ARCS. This section focuses on the roles and responsibilities of EPA and contractor management.

### 1.4.1 EPA Contract Management Structure

Administrative and management responsibilities of ARCS contracts will be primarily with the Regions; although when necessary, Headquarters may intervene. Regional offices will be entirely responsible for assigning and overseeing work.

Regions I-V will act as independent management entities. Regions VI, VII, VIII, and Regions IX and X will combine to form two zones, referred to as Multi-Regional Zones. Management of ARCS contracts in the two Multi-Regional Zones will require modifications to the management procedures and responsibilities established for single Region ARCS programs; these modifications are discussed in Section 4.0.

#### 1.4.1.1 ARCS Contracting Officer (CO)

The ARCS CO will be responsible for verifying that contracting activities are performed as authorized by laws, regulations, and the terms and conditions of the contract. Specific responsibilities include:

- Approving Contract Documents - The CO reviews and signs the initial WA issuance and any subsequent action that affects overall scope or budget of the basic contract.

- Award Fee Determination - The CO prepares the Award Fee Allocation Matrices for the Performance Evaluation Board (PEB) and issues the Final Award Fee Determination to ARCS contractors.

- Dispute Resolutions - The CO is responsible for resolving disputes regarding performance or costs.

### 1.4.1.2 ARCS Project Officer

The PO will have overall responsibility for managing and directing activities performed under the contract. Many of the PO's management functions are listed below; however, this is not an all inclusive list because each project will give rise to further management needs.

- Contract Surveillance - The PO is responsible for assuring compliance with contract terms and conditions. This includes monitoring:
    - Regional Project Manager (RPM) technical directions for consistency and contract compliance
    - Contract capacity to assure that actual assignments are in line with annual allocations
    - Progress toward meeting contract guarantees.
- Recordkeeping - The PO maintains all administrative records and reports for ARCS contractors. Project specific documentation including Work Assignments, work plans, written technical direction, and performance reports will be forwarded to the PO by the RPMs.
- Work Assignment Distribution - The PO compiles and/or prepares all information necessary to assign work among ARCS contractors. This information may include Regional workload data, project-specific information, contractor performance records, data regarding contractor special expertise, and conflict of interest and other information as appropriate. Procedures for distributing WAs are provided in Section 3.3.
- Contract Option Determination - The PO participates in determining the number of contract options to be exercised to maintain contractor support. Procedures for distributing contract options are discussed in Section 3.3.
- Award Fee Determination - The PO is responsible for coordinating the determination and allocation of award fees for ARCS contractors assigned to him/her for general contract administration. Specific responsibilities include:

  - Preparing performance evaluation forms for each rating period
  - Compiling and reviewing all performance evaluation documentation into a performance evaluation package for the Performance Evaluation Board (PEB)

- Invoice Approval - The PO reviews and approves all invoices and forwards the invoices to finance for payment.

The PO may delegate one or more Deputy Project Officer(s) (DPO) to assist in the aforementioned responsibilities. For example, if the PO manages three ARCS contractors he may designate three DPOs, one to assist in the management of each contractor. In single Region ARCS the PO may delegate responsibilities to DPOs in any reasonable manner. The PO may delegate full authority to DPOs or opt not to designate any DPOs. This flexibility is not permitted in the Multi-Regional Zones; there DPOs are a required entity in the management structure (Section 4.2).

### 1.4.1.3 ARCS Remedial Project Managers

The RPM is the EPA official responsible for monitoring and directing all ARCS contractor activities conducted at project sites. The basic duties and functions of an RPM include the following:

- Assist in technical review and approval of work plans.
- Review contractor cost reports
- Monitor project status
- Monitor contractor performance
- Maintain project documentation files (cost recovery and performance evaluation documentation)
- Control site access
- Participate in community relations activities
- Ensure site safety
- Coordinate with Federal and State agencies.

The RPM will report directly to the PO on matters related to ARCS contract management and will assist the PO in general contract management activities.

### 1.4.2 CONTRACTOR MANAGEMENT STRUCTURE

ARCS contractors will be required to designate a single Program Manager to manage the contract, and a Site Manager for each project site. The roles and responsibilities of each are highlighted below.

#### 1.4.2.1 ARCS Contractor Program Manager

The Program Manager will be the single point of contact for coordination with the PO. He will be responsible for the planning and execution of all activities performed under the contract. Specific responsibilities of the Program Manager include the following:

- Provide overall supervision and administrative support to Site Managers
- Provide assistance to the Site Managers in the procurement of needed staff
- Monitor costs and expenditures of funds throughout the duration of the contract
- Prepare and submit reports as specified in the contract schedule and establish procedures for the preparation and submission of reports required of the Site Manager
- Discuss contract status with the EPA PO on a regular basis.

In order to accomplish the tasks listed above, the Program Manager must maintain open lines of communication with both the Site Managers and the EPA PO.

#### 1.4.2.2 ARCS Contractor Site Manager

The Site Manager will plan, monitor, and control the assigned work, and will be responsible for ensuring progress that is in accordance with approved work plans and the SOW. Specific responsibilities of the Site Managers include the following:

- Maintain open and regular communication with the Program Manager and EPA RPM
- Prepare and submit project-specific monthly progress reports

- Prepare and submit performance evaluation forms required for award fee determination

- Monitor and document costs and expenditures.

The Contractor Site Manager will report directly to the Contractor Program Manager.

# 2.0 ARCS CONTRACTOR START-UP

## 2.1 BACKGROUND

Prior to initiating ARCS work assignments, both ARCS contractor and EPA personnel must be sufficiently familiar with the Superfund remedial program to begin contract activities in a logical and orderly way. Personnel involved with the management of ARCS contracts must familiarize themselves not only with this manual, but also with existing EPA guidance related to hazardous waste site work and Superfund programs. Appendix I contains an extensive list of relevant guidance documents which may be obtained through EPA's Docket Room.

## 2.2 MANAGEMENT PLAN

The first activity ARCS contractors must undertake following contract award will be the preparation of a Management Plan. The submittal of this Management Plan will ensure that a well thought-out and comprehensive project approach has been developed by each contractor. The Management Plan will delineate the management strategy and cost plan for implementing ARCS projects. It will provide general financial and procedural guidance for all remedial response work to be performed. If necessary, the plan will address special planning and management needs within the Region/Zone in which the contractor will work.

ARCS contractors will submit a draft version of the Management Plan within 30 days after award of the contract. This version will reflect the management concept presented in the contractor's successful proposal as revised and augmented through negotiations and post-award consultations.

After a brief period of review, EPA officials will return the draft version with EPA's comments to the contractor. The final plan, modified according to EPA's comments, will be submitted within 15 days of receipt of those comments.

The Management Plan will include but will not necessarily be limited to the following elements:

- Introduction
    - Purpose and scope of the program
    - Objectives and organization of the plan
- Project Organization
    - Functional organizational structure

  - Key personnel assignments
  - Staffing plans showing flow of authority and responsibility

- Management Process

  - Work assignment initiation and progress controls
  - Program and performance review procedures
  - Administrative procedures
  - Scheduling controls
  - Accounting and cost control procedures
  - Management information system(s)
  - Reporting requirements
  - Document production and distribution procedures

- Subcontracting

  - Subcontracting decision process
  - Procurement process
  - Flow of authority and reporting relationships
  - Performance review and quality assurance procedures
  - Accounting and cost control procedures

- Property Management

  - Existing in-house inventory procedures
  - Acquisition and disposition procedures
  - Maintenance and calibration controls and procedures

- Technical Approach (Technical policies and Standard Operating Procedures (SOPs) to be incorporated during life of project)

  - Planning activities
  - Design and implementation activities
  - Management support plan
- Quality Assurance Program Plan*

- Community Relations Plan*

- Health and Safety Plan*

If at any time the contractor's management approach or structure substantially deviates from that outlined in the Management Plan, they are required to notify EPA in writing. Significant deviations may include changes in the following:

---

* Detailed versions of these plans also will be included in site-specific work plans.

- Key personnel assignments
- Accounting and cost control procedures
- Subcontractor procurement and management procedures
- Quality assurance program.

Less significant deviations in the management approach may be verbally communicated to EPA's PO.

The Management Plan will reflect a generic approach to be implemented by the contractor at each site. ARCS contractors will also prepare a more detailed and site-specific work plan subsequent to the receipt of each work assignment. The development of these work plans is discussed in Section 3.4.

# 3.0 OPERATIONAL FUNCTIONS

## 3.1 BACKGROUND

This section provides instructions for performing the basic administration and management functions required of EPA personnel responsible for operating ARCS contracts. Three functional responsibilities are described:

- Award fee policies and procedures
- Procedures for distribution of site assignments and award of contract options
- Work assignment (WA) procedures.

This section provides a how-to guide for performing these functions. It applies to all Regions/Zones that are operating ARCS contracts, and is therefore generic in nature. EPA personnel responsible for ARCS contract operations must be thoroughly familiar with individual contracts in order to implement these instructions.

## 3.2 AWARD FEE PLAN

As stated in the introduction to this handbook, one of the primary goals of ARCS is to provide the maximum incentive for good contract performance through the use of financial incentives. Financial incentives are provided through the Award Fee Plan that is used to allocate fees and distribute WAs based on contractors' performance. This section of the manual provides guidance to personnel responsible for implementing the ARCS award fee plan.

### 3.2.1 ARCS Contract Fee Arrangement

ARCS contracts are awarded under a cost-plus-award-fee (CPAF) contracting arrangement. This contract type includes two basic fee components described below:

- Base or "fixed" fee - The base fee compensates the contractor for risk. The base fee amount does not vary with performance, but rather is a fixed amount that will be paid to the contractor as costs are incurred. The contractor will include amounts for base fee on monthly vouchers based upon costs incurred during the month.
- Award fee - The award fee is an award amount in addition to the base fee that may be earned in whole or in part, based upon an evaluation of the contractor's performance. The award fee seeks to motivate the contractor's

performance with respect to technical quality, ingenuity, and budget and schedule control.

The award fee is divided into separate categories for site-specific technical support and program management (PM). Site-specific award fee is allocated in two phases; Phase I which is based on an overall evaluation of the contractor's performance on all WAs (in progress and completed) during the triannual rating periods, and Phase II which is based on an evaluation of performance on WAs completed during a given rating period. The ratio of fee allocated between Phase I and Phase II award fee is specified in each contract.

The PM award fee is based on a separate evaluation of overall (Region or Zone-wide) PM performance during each rating period. PM award fee amounts are specified in the contract.

### 3.2.2 Award Fee Roles and Responsibilities

This section describes the responsibilities of personnel involved in the award fee determination process.

#### 3.2.2.1 Performance Monitors

Contractor performance is evaluated and reported by EPA Performance Monitors. Performance Monitors are defined as being any Government employee in a position to observe, assess, and report the performance of a contractor.

#### 3.2.2.2 Remedial Project Manager (RPM)

The RPM has site-specific responsibility for directing and monitoring contractors' technical performance on individual WAs. The RPM also is a designated Performance Monitor in the award fee process. At the close of each performance evaluation period, and in conformance with the contract Award Fee Plan, the RPM is responsible for reporting his/her evaluation of contractor performance on the forms described in Section 3.2.4. The RPM submits all site-specific evaluation documentation to the Project Officer (PO).

#### 3.2.2.3 Project Officer (PO)

The PO has general responsibility for ensuring that contractor WA performance meets program and contract requirements. The PO is responsible for evaluating contractors' performance on WAs across sites that may have different RPMs and is solely responsible for evaluating PM performance. At the close of each performance evaluation period, the PO assesses the contractor's overall performance during that evaluation period and documents those assessments in the Summary Evaluation Report (SER) and the Regional

Evaluation Summary (RES) (see Section 3.2.4.1). The PO integrates all EPA and contractor performance reports and supporting documentation into a single package for the consideration by the Performance Evaluation Board (PEB). The PO also is responsible for developing the Performance Index Rating Score (PIRS) which is used to determine annual work distribution.

### 3.2.2.4 Contracting Officer (CO)

The CO has two basic functions in the Award Fee Process:

- The CO serves as a designated Performance Monitor because of his/her unique perspective in observing contractor performance. In this role, the CO functions exactly as any other Performance Monitor.
- The CO implements the fee decisions made by the Fee Determination Official (FDO) by issuing the appropriate contract modifications.

### 3.2.2.5 Performance Evaluation Board (PEB)

The purpose of the PEB is to advise and assist the FDO in evaluating contractor performance. The PEB provides the necessary discussion and interaction among Agency managers to ensure that all matters relevant to a contractor's performance evaluation are brought to their attention for decision. The PEB consists of managers not involved in day-to-day management of ARCS contracts who are appointed by the appropriate Regional Division Director. Each PEB will have a chairman who will lead PEB meetings and document PEB recommendations in the Fee Decision and Rationale Report. This report will be forwarded to the FDO for review.

The PEB also reviews the Performance Index Rating Scores (PIRS) developed by the PO for determining WA distribution. Approval of the PIRS, by the PEB, is required before the PIRS can be used for WA allocation.

### 3.2.2.6 Fee Determination Official (FDO)

The FDO is responsible for the ultimate fee decision. The FDO will determine whether the PEB's fee recommendation is substantiated by the Fee Decision and Rationale Reports. The FDO may overrule the PEB recommendations for reasons such as: bias, arbitrariness, inconsistencies, procedural irregularities, false data, incomplete data, or other issues which are contrary to the terms and conditions of the contract. The decision of the FDO is both independent and final. Final fee determinations may not be appealed within EPA or by the contractor.

#### 3.2.2.7 Contractor

ARCS contractors participate in the award fee process by providing assessments of their performance. These self-evaluations may include descriptions of superior performance as well as explanations in mitigation of any performance problems, deficiencies, or delays. Contractor self-evaluations are submitted to the appropriate PO/RPM at the close of each performance evaluation period. The contractor also may be asked to meet with the FDO, RPM, PO, CO and other Agency officials to review the results of the evaluation process, and to discuss, develop, and implement improvements to programs, procedures, and performance.

### 3.2.3 Performance Evaluation Categories and Criteria

ARCS contractors' performance will be evaluated on the basis of their ability to provide the necessary personnel, services, equipment, and materials to support the remedial program in various performance categories that correspond to the organization of contract resources.

#### 3.2.3.1 Performance Evaluation Categories

As stated in Section 3.2.1 the evaluation categories cover the two main organizational components of the contract:

- Program management
- Site-specific technical support.

These categories are assigned separate award fee pools and evaluated separately.

#### 3.2.3.2 Performance Evaluation Criteria

Award fee performance evaluation criteria are included in each ARCS contract. The evaluation criteria were developed to provide a uniform basis to evaluate work performed by all contractors; thus, the criteria are generic in nature. Because there are basic differences between PM and site-specific activities, however, the application of the evaluation criteria will vary between the two categories.

For example, ARCS contracts include an evaluation element for "project planning." This element can be applied in a straight-forward manner to work performed in the site-specific technical support category (i.e., contractors' ability to develop a well thought-out plan in response to a WA). On the other hand, for work performed in the PM category, the project planning criteria would apply to contractors' ability to develop Regional Management Plans or the coordination of work among the various contractor management offices.

Similar examples can be cited for each of the criteria with respect to the different types of work that must be performed under the contract. The primary distinction in the application of the criteria depends on whether the work involves a discrete task or overall management of various organizational components of the contract. The application of the criteria is the responsibility of the individual Performance Monitors and must be reviewed by the PO responsible for coordinating the performance evaluation process.

### 3.2.4 Coordination of the Award Fee Determination Process

ARCS award fee determinations will take place every four months during the life of the contract. This section details the procedures for evaluating and documenting contractor performance and allocating award fee based on the performance evaluations. In addition, contractor performance, as evaluated in the award fee process and expressed in the PIRS, will be the primary tool used to determine annual work distribution.

#### 3.2.4.1 Reporting Contractor Performance

EPA Performance Monitors (i.e., POs and RPMs) are responsible for reviewing projects performed by the ARCS contractors. The reviews of contractor performance will be documented through the following:

- EPA Summary Evaluation Report (SER) is used to evaluate the contractors' overall Region-wide performance on PM and site-specific technical support.
- EPA Performance Event Report (PER) documents less than satisfactory performance on particular WAs.
- EPA Work Assignment Completion Report (WACR) documents overall performance on individual WAs that are completed during a given rating period.
- ARCS Regional Evaluation Summary (RES) provides a summary rating of performance on each active WA.
- Performance Index Rating Score (PIRS) rates contractors' overall technical performance over a given contract year to determine the allocation of new WAs.

The forms listed above are prepared separately by the responsible EPA Performance Monitor and the ARCS contractor. The PO will assemble these reports into a package to be presented to the PEB for award fee determination, at the end of each award fee rating period.

## EPA Summary Evaluation Report

The SER (see Exhibit 3.2-1) is used by ARCS POs to evaluate contractors' overall performance in both PM and technical performance. At the end of each performance evaluation period, the PO will complete a separate SER for PM and overall technical performance. The ARCS PO should check the appropriate box under the block labeled "Performance Evaluation Category" to indicate the category of contractor performance being evaluated in the report.

The SER is self-explanatory in terms of the information required for completing each block. The purpose of the SER is to obtain the PO's overall evaluation of contractor performance in each category from a broad perspective. The PO should use the descriptions of the evaluation categories and criteria and rating guidelines outlined in the ARCS contract to formulate his/her evaluation. The evaluation should be concise and provide only information which highlights significant events, and strengths and weaknesses observed during the period that support the overall evaluation. As such, the SER should be useful in identifying recurring difficulties or trends which need to be discussed with the contractor. Accompanying the SER should be a list of the individual WAs or projects that have been considered for the evaluation.

The contractor may submit self-evaluation SERs to the PO, who will include the SERs in the Performance Evaluation Package that is sent to the PEB. The title and signature blocks of contractor-prepared SERs should be appropriately altered to indicate their source.

To assist in completing the SERs, each office should develop its own internal mechanism for periodic tracking and reporting of contractor performance on WAs during the rating period. This will provide the PO with documentation necessary to support the ratings on the SER.

## EPA Performance Event Report

The PO/RPM is required to complete a PER (see Exhibit 3.2-2) for each WA or area of performance in which the contractor's performance has been less than satisfactory. The PER is a prerequisite for withholding or deferring Phase I award fee. The PER serves as the Region's primary vehicle for affecting the fee awarded for ongoing projects that are not proceeding satisfactorily, and provides a valuable input to the PEB in its determination of the amount of the Phase II award fee to be allotted to the contractor. If the PO/RPM plans to submit a PER, the contractor Site Manager must be informed of the deficiencies in performance so that the

# EXHIBIT 3.2-1

## ARCS CONTRACT
## EPA SUMMARY EVALUATION REPORT (SER)

ONTRACTOR/SUBCONTRACTOR(S)

CONTRACT NO.

EPA REGION

CONTRACTOR REGIONAL MANAGER *(Name and Phone No.)*

PERFORMANCE EVALUATION CATEGORY:

☐ OVERALL TECHNICAL PERFORMANCE

☐ PROGRAM MANAGEMENT

PO *(Name and Phone No.)*

PERFORMANCE EVALUATION PERIOD

FROM: TO:

CONTRACTOR PERFORMANCE EVALUATION:

| ☐ OUTSTANDING | ☐ EXCEEDED EXPECTATIONS | ☐ SATISFACTORY | ☐ MARGINAL | ☐ UNSATISFACTORY |
|---|---|---|---|---|
| 5 | 4 | 3 | 2 | 1 |

DESCRIPTION OF ACTIVITIES AND PERFORMANCE:
*(List on a separate page if necessary, Work Assignments covered by this report.)*

STRENGTHS/WEAKNESSES/NEEDED IMPROVEMENTS:

PO SIGNATURE

DATE

## EXHIBIT 3.2-2

### AWARD FEE PERFORMANCE EVENT REPORT
### PART I: EVENT DESCRIPTION AND OVERALL EVALUATION

| | | |
|---|---|---|
| CONTRACT NO. | CONTRACTOR | WA NO. |

| | | |
|---|---|---|
| DATES OF REPORTED EVENT:<br>FROM: TO: | NO. OF HOURS THIS PERIOD | COSTS THIS PERIOD |

| | | | |
|---|---|---|---|
| CONTRACTOR CONTACT | PHONE NO. | RPM | PHONE NO. |

DESCRIPTION OF PERFORMANCE EVENT

OVERALL PERFORMANCE EVALUATION

PROJECT PLANNING ____

TECHNICAL COMPETENCE & INNOVATION ____

SCHEDULE & COST CONTROL ____

REPORTING ____

RESOURCE UTILIZATION ____

EFFORT ____

| | | |
|---|---|---|
| DATE | RPM SIGNATURE | OVERALL RATING |

PO ASSESSMENT & CERTIFICATION

| | | |
|---|---|---|
| DATE | PO SIGNATURE | RATING |

## EXHIBIT 3.2-2 (CONTINUED)

### AWARD FEE PERFORMANCE EVENT REPORT
### PART II: EVALUATION CRITERIA SCORE SHEET

| CONTRACT NO. | CONTRACTOR | WA NO. |
|---|---|---|
| | | |

| PERFORMANCE CRITERIA | RATING | SUPPORTING COMMENTS |
|---|---|---|
| **PROJECT PLANNING**<br>• ORGANIZING (E.G., WORK PLAN DEVELOPMENT, DATA REVIEW)<br>• SCHEDULING<br>• BUDGETING | ____ 5<br>____ 4<br>____ 3<br>____ 2<br>____ 1 | |
| **TECHNICAL COMPETENCE & INNOVATION**<br>• EFFECTIVENESS OF ANALYSES<br>• MEET PLAN GOALS<br>• SUPPORT COE, STATE, ENFORC.<br>• ADHERE TO REGS. & PROCEDURES<br>• APPROACH CREATIVITY/INGENUITY<br>• EXPERT TESTIMONY | ____ 5<br>____ 4<br>____ 3<br>____ 2<br>____ 1 | |
| **SCHEDULE & COST CONTROL**<br>• BUDGET (HOURS & COST) MAINT.<br>• PRIORITY/SCHEDULE ADJUSTMENTS<br>• COST MINIMIZATION | ____ 5<br>____ 4<br>____ 3<br>____ 2<br>____ 1 | |
| **REPORTING**<br>• TIMELINESS OF DELIVERABLES<br>• CLARITY<br>• THOROUGHNESS | ____ 5<br>____ 4<br>____ 3<br>____ 2<br>____ 1 | |
| **RESOURCE UTILIZATION**<br>• STAFFING<br>• SUBCONTRACTING<br>• EQUIPMENT, TRAVEL, ETC. | ____ 5<br>____ 4<br>____ 3<br>____ 2<br>____ 1 | |
| **EFFORT**<br>• RESPONSIVENESS<br>• MOBILIZATION<br>• DAY-TO-DAY<br>• SPECIAL SITUATIONS (E.G., ADVERSE/ DANGEROUS CONDITIONS) | ____ 5<br>____ 4<br>____ 3<br>____ 2<br>____ 1 | |

contractor has the opportunity to explain any extenuating circumstances which may be relevant to the subject evaluation. Additionally, this will allow the contractor to take appropriate corrective actions. PERs should be completed promptly after a performance deficiency is noted and should not be held until the end of the rating period. This will provide the contractor with sufficient time to prepare a response or explanation for the PEB.

The PER also can be used as a convenient means to document satisfactory or above satisfactory performance. The form includes space to describe and rate the contractor's overall performance, as well as a space for the description of a specific event. When the PER is used to document any level of contractor performance, it should be included in the Performance Evaluation Package that is forwarded to the PEB.

### EPA Work Assignment Completion Report

As stated earlier the Phase II award fee is allocated to ARCS contractors only at the completion of a WA. The WACR (see Exhibit 3.2-3) is used to provide a concise review of the contractor's project performance on individual WAs, and to recommend the Phase II award fee amount.

A WACR will be prepared for every WA upon completion of the project(s) specified in the Statement of Work (SOW). The WACR is a three-page form. Page 1 encompasses the body of the performance report and will be presented to the PEB. Page 2 provides a worksheet for summarizing the costs and schedule information associated with completion of the WA. Page 3 provides an additional worksheet to assist the performance monitor in developing his/her review and evaluation, drawing on the category descriptions, evaluation criteria, and rating guidelines contained in the award fee plan included in the contract.

A WA will be considered "complete" upon approval of the final deliverable by the RPM and receipt of the final invoice for the WA (a final invoice and WA close-out form will usually be received by the RPM within 60 days of project completion). WACRs will be prepared by EPA RPMs or other appropriate EPA personnel (e.g., enforcement or community relations staff) who were responsible for monitoring the activities performed by the contractor and will be forwarded to the PO for review and approval. All WACRs received by the PO prior to the end of the evaluation period will be included with the Performance Evaluation Package. The ARCS contractors also will complete WACRs (appropriately altering the title and signature blocks of the form) and submit these to the PO.

## EXHIBIT 3.2-3

PAGE 1 of 3

# EPA WORK ASSIGNMENT COMPLETION REPORT (WACR)

| | | |
|---|---|---|
| **CONTRACT NO.** | **WORK ASSIGNMENT NO.** | **EPA REGION** |

| | |
|---|---|
| **CONTRACTOR/SUBCONTRACTOR(S)** | **CONTRACTOR SITE MANAGER** *(Name and Phone No.)* |
| | **RPM** *(Name and Phone No.)* |
| | **WORK LOCATION** *(Site Name & State)* |

**BRIEFLY DESCRIBE SCOPE OF WORK:**

**DESCRIBE CONTRACTOR'S PERFORMANCE:**

**UNUSUAL PROBLEMS/OCCURRENCES AFFECTING CONTRACTOR'S PERFORMANCE:**

| | | | |
|---|---|---|---|
| **PHASE I AVAILABLE** | **PHASE I PAID** | **PHASE II AVAILABLE** | **PHASE II AWARD RECOMMENDED?**<br>☐ YES **RECOMMENDED SIZE:** _______% (0-100%)<br>☐ NO |

**STATE SPECIFIC REASONS FOR RECOMMENDATION FOR PHASE II AWARD:**
***(Additional pages may be attached if necessary)***

| | |
|---|---|
| **RPM**<br>______________________<br>*Signature & Date* | **PO**<br>______________________<br>*Signature & Date* |

## EXHIBIT 3.2-3 (CONTINUED)

## EPA WORK ASSIGNMENT COMPLETION REPORT (WACR)
## PART II: PROJECT SCHEDULE AND COST INFORMATION WORKSHEET

| | | |
|---|---|---|
| CONTRACT NO. | WORK ASSIGNMENT NO. | EPA REGION |

| APPROVED WORK PLAN AND WA AMENDEMENT DATES | LOE & EXPENSE COST | SUBCON-TRACTING POOL COST | TOTAL PLANNED COST | PLANNED COMPLETION DATE | ACTUAL COMPLETION DATE |
|---|---|---|---|---|---|
| WORK PLAN APPROVAL DATE | | | | | |
| Amendment 1 | | | | | |
| Amendment 2 | | | | | |
| Amendment 3 | | | | | |
| | | | | | |
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| | | | | | |
| | | | | | |
| TOTAL PLANNED COST | | | | ▨ | ▨ |
| TOTAL ACTUAL COST | | | | ▨ | ▨ |
| VARIANCE | | | | ▨ | ▨ |

## EXHIBIT 3.2-3 (CONTINUED)

PAGE 3 of 3

### EPA WORK ASSIGNMENT COMPLETION REPORT (WACR)
### PART III: PERFORMANCE CRITERIA RATING WORKSHEET

| | | |
|---|---|---|
| CONTRACT NO. | WORK ASSIGNMENT NO. | EPA REGION |

| PERFORMANCE CRITERIA | RATING | SUPPORTING COMMENTS |
|---|---|---|
| **PROJECT PLANNING**<br>• ORGANIZING (E.G., WORK PLAN DEVELOPMENT, DATA REVIEW)<br>• SCHEDULING<br>• BUDGETING | ______ 5<br>______ 4<br>______ 3<br>______ 2<br>______ 1 | |
| **TECHNICAL COMPETENCE & INNOVATION**<br>• EFFECTIVENESS OF ANALYSES<br>• MEET PLAN GOALS<br>• SUPPORT COE, STATE, ENFORC.<br>• ADHERE TO REGS. & PROCEDURES<br>• APPROACH CREATIVITY/INGENUITY<br>• EXPERT TESTIMONY | ______ 5<br>______ 4<br>______ 3<br>______ 2<br>______ 1 | |
| **SCHEDULE & COST CONTROL**<br>• BUDGET (HOURS & COST) MAINT.<br>• PRIORITY/SCHEDULE ADJUSTMENTS<br>• COST MINIMIZATION | ______ 5<br>______ 4<br>______ 3<br>______ 2<br>______ 1 | |
| **REPORTING**<br>• TIMELINESS OF DELIVERABLES<br>• CLARITY<br>• THOROUGHNESS | ______ 5<br>______ 4<br>______ 3<br>______ 2<br>______ 1 | |
| **RESOURCE UTILIZATION**<br>• STAFFING<br>• SUBCONTRACTING<br>• EQUIPMENT, TRAVEL, ETC. | ______ 5<br>______ 4<br>______ 3<br>______ 2<br>______ 1 | |
| **EFFORT**<br>• RESPONSIVENESS<br>• MOBILIZATION<br>• DAY-TO-DAY<br>• SPECIAL SITUATIONS (E.G., ADVERSE/ DANGEROUS CONDITIONS) | ______ 5<br>______ 4<br>______ 3<br>______ 2<br>______ 1 | |

Completion of the form is generally self-explanatory, with the label for each block specifying the required information. In describing and evaluating the contractor's performance on Page 1 of the WACR, the RPM should refer to the cost and schedule information worksheet (Page 2 of the WACR) and describe any deviations in performance from the approved work plan. More specifically, the RPM's description and evaluation of the contractor's performance should highlight the evaluation criteria included in each ARCS contract.

Phase II award fee recommendations are made by RPMs and POs by completing the "Phase II Award Recommended" block on page 1 of the WACR. All projects, upon completion, should be recommended for a Phase II award fee provided work has been performed in at least a satisfactory manner. EPA personnel responsible for management of the ARCS contract should recommend Phase II award amounts that are consistent with the quality of the contractor's performance and the guidelines for Phase II award fee allocation (Section 3.2.4.3).

All recommendations must be clearly supported, and should cite specific examples where the contractor's performance was above satisfactory or unsatisfactory. Additional support documents may be attached as appropriate.

Each Region should implement procedures to track and record performance on WAs to ensure an equitable evaluation on the WACR. This is particularly important to ensure continuity on long term projects or when the RPM is changed during the course of the project. The PER and RES are particularly useful in tracking WA performance and records of all PERs and RESs should be maintained to provide input for the WACR.

### Regional Evaluation Summary

The RES (see Exhibit 3.2-4) provides a summary rating of performance on each active WA. It will be the primary mechanism for documenting satisfactory or above satisfactory performance and will be used as the basis for the PIRS. In addition, the RES is intended to provide a more complete historical record of project performance that will facilitate the completion of WACRs and the determination of Phase II award fee for completed WAs. The RES will be especially useful for determining Phase II award fee on long-term WAs and WAs where the RPM or PO has changed during the course of the assignment.

An RES entry must be completed for each WA by the RPM and the Project Manager of the affected ARCS contractors. Where space permits, a single RES can be used for multiple WAs.

## EXHIBIT 3.2-4

## ARCS REGIONAL EVALUATION SUMMARY

| | | | |
|---|---|---|---|
| CONTRACTOR: | CONTRACT NO.: | CONTRACTOR PM: | PERFORMANCE EVALUATION PERIOD |
| | EPA REGION: | RPO: | FROM:<br>TO: |

PERFORMANCE EVALUATION KEY:

100-80 OUTSTANDING 80-60 EXCEEDS EXPECTATIONS 60-40 SATISFACTORY 40-20 MARGINAL 20-0 UNSATISFACTORY

| SITE NAME | WORK ASSIGNMENT NUMBER | NUMERIC RATING | COMMENTS |
|---|---|---|---|
| | | | |

SIGNATURE

DATE

The general information required at the top of the form and the identification of site name and WA number is self-explanatory and will be completed on each RES entry. The PO and the RPM will then complete the numeric rating for each WA based on the performance evaluation key at the top of the form. This rating is intended to be an overall rating of a contractor's performance on each WA. It should not be broken down into the subcategories of the award fee performance evaluation criteria such as project planning or schedule and cost control.

The comment column on the far right of the form should be used to support the numeric rating. Comments are not necessary for WAs that are rated satisfactory (3), but they must be included for any other rating. The comments should focus on the following issues:

- Specific events that indicate either substandard or exceptional performance

- Overall progress on work in relation to established schedules

- Technical quality of work performed

The comments may reference other performance reports where appropriate. For example, the PO could refer to information in a PER to support a rating of marginal or unsatisfactory on a given WA. While raters are encouraged to be brief and concise, the comments must be clear, complete and sufficient to support the numeric rating.

Both the PM and the PO must sign the RES. The PM will forward the completed RES to the PO who will incorporate it into the other information being forwarded to the PEB at the end of each rating period.

## Performance Index Rating Score

The PIRS is a numerical score designed to provide a composite rating of an ARCS contractor's performance on all active work assignments. The PIRS results from a calculation involving separate evaluation scores for site-specific performance on technical work assignments and will be used by the PO to rate an individual contractor's performance for the purpose of allocating new work.

The PIRS is derived from the ratings of contractor performance that are included on the RES. The RES includes a numeric rating of performance on each WA that is based on the evaluation key at the top of the form (for example outstanding performance receives a rating in the range of 80 to 100). The PIRS is a weighted average of the RES ratings for each WA, that is based on the level-of-effort (LOE) used on the WAs during the rating period.

Exhibit 3.2-5 depicts a hypothetical example of PIRS development during a given rating period. As shown the RES score for a given WA is multiplied by the total LOE used for a WA during the rating period to determine the PIRS Raw Score. For example for WA 1 on Exhibit 3.2-5 the total LOE of 5,000 hours is multiplied by the RES score of 68% to derive a PIRS Raw Score of 3,400. A PIRS Raw Score is developed for each WA. The sum of the Raw Score is then divided by the total hours worked on all tasks to derive the PIRS for a rating period. In the hypothetical example shown in Exhibit 3.2-5 a total Raw Score of 21,100 is divided by the total LOE of 30,000 to derive a PIRS for the rating period of 70%.

Because the distribution of WAs occurs annually, a single PIRS that covers all three award fee rating periods in a given year must be developed. Exhibit 3.2-6 depicts a hypothetical example of the development of the year-end PIRS that will be used to determine WA allocations. Like the individual rating period PIRS, the year-end PIRS is a weighted average. As Exhibit 3.2-6 shows, the PIRS Raw Score from each rating period is summed and divided by the total LOE used in a given year to derive the year-end PIRS. In the hypothetical example in Exhibit 3.2-6, a total Raw Score of 76,400 is divided by the total LOE used (100,000 hours) to derive a year-end PIRS for technical WAs of 76%.

### 3.2.4.2 Preparing the Performance Evaluation Package

The PO will assemble the information on the forms described in 3.2.4.1 into a Performance Evaluation Package that is forwarded to the PEB at the end of each rating period. In assembling this package, the PO must review each document submitted by performance monitors, the CO, or contractors to assure that they are complete and correct and that they clearly document any performance observations or fee recommendations.

The PO also will submit a summary of available award fees for each contractor in the affected rating period. The site-specific (Phase I and Phase II) award fee allocation will be submitted on the Phase I and Phase II Award Fee Allocation Matrices that are shown as Exhibit 3.2-7 and 3.2-8.

The Phase I Award Fee Allocation matrix will be prepared for all active WAs by the contractor and forwarded to the PO for inclusion in the Performance Evaluation Package. The CO will verify the contractor-prepared Phase I matrix before the final award fee determination is made by the FDO. The Phase II Award Fee Allocation Matrix will be prepared by the CO for WAs completed

## EXHIBIT 3.2-5
## Performance Index Rating Scores

### Developing the Rating Period PIRS

| Work Assignment | RES Percent | Rating Period LOE Use | PIRS Raw Total |
|---|---|---|---|
| 1 | 68 % | 5,000 | 3,400 |
| 2 | 54 % | 7,000 | 3,780 |
| 3 | 82 % | 12,000 | 9,840 |
| 4 | 100 % | 3,000 | 3,000 |
| 5 | 36 % | 3,000 | 1,080 |
| | Totals | 30,000 | 21,100 |

PIRS : 21,100 ÷ 30,000 x 100% = 70%

# EXHIBIT 3.2-6
## Year-End PIRS

### Developing The Year-End PIRS

| Rating Period | PIRS | LOE | PIRS Raw Total |
|---|---|---|---|
| 1 | 68 % | 30,000 | 20,400 |
| 2 | 84 % | 35,000 | 29,400 |
| 3 | 76 % | 35,000 | 26,600 |
| | Totals | 100,000 | 76,400 |

Year-End PIRS: 76,400 ÷ 100,000 x 100% = 76%

## EXHIBIT 3.2-7

## PHASE I AWARD FEE ALLOCATION MATRIX
(In Thousands)

| WORK ASSIGNMENT NUMBER | SITE NAME AND ACTIVITY | WORK ASSIGNMENT BUDGET | | | CUMULATIVE | | | AWARD FEE AVAILABLE FOR PERIOD | |
|---|---|---|---|---|---|---|---|---|---|
| | | APPROVED WA COST [1] | PHASE I AWARD FEE | PHASE II AWARD FEE | COST | PHASE I AVAILABLE | PHASE I AWARDED | COSTS FOR PERIOD | PHASE I AWARD FEE |
| | | | | | | | | | |

---

[1] AN ASTERISK (*) NEXT TO A COST FIGURE INDICATES THAT THE APPROVED WORK PLAN COST HAS BEEN MODIFIED THROUGH AN APPROVED AMENDMENT TO THE WORK ASSIGNMENT

## EXHIBIT 3.2-8

## PHASE II AWARD FEE ALLOCATION MATRIX
(In Thousands)

| WORK ASSIGNMENT NUMBER | SITE NAME AND ACTIVITY | PHASE II POOL AVAILABLE | SIZE OF RECOMMENDED PHASE II AWARD (0-100%) | | | COMMENTS |
|---|---|---|---|---|---|---|
| | | | CONTRACTOR | RPM | PEB | |
| | | | | | | |

during the rating period. The CO will forward the completed Award Fee Allocation Matrices to the PO for inclusion in the Performance Evaluation Package. The amount of Phase I award fee that is available in any given rating period is based on the LOE used by the contractor during the period. Phase II award fee pools for each rating period will be calculated only for WAs that are completed during the period. Phase II award fee will be accumulated for specific WAs, and the entire amount of Phase II award fee that is accumulated for a given WA will then be available for allocation to the contractor at the end of the rating period in which the WA is completed.

Instructions for determining PM award fee allocations for a rating period are included as Appendix II to this handbook.

The entire Performance Evaluation Package must be sent to each member of the PEB at least five working days prior to the PEB meeting.

### 3.2.4.3 Award Fee Determination

The PEB will meet at the end of each rating period to review contractor performance and recommend Phase I, Phase II, and PM awards fees for each ARCS contractor.

The PEB recommendations will be based on a review and analysis of the Performance Evaluation Package that is submitted for each ARCS contractor. The members of the PEB must assure themselves that the information contained in the Performance Evaluation Package is consistent, complete, and sufficient to support an equitable and reasonable recommendation. If the PEB believes that the package submitted by the PO is deficient in any way, they must clarify or supplement the package through questions or requests for additional documentation to the PO.

The PEB has broad discretion to recommend an award fee amount provided that the recommendation is supported by the information in the Performance Evaluation Package and consistent with the contract Award Fee Plan. Specific considerations for determining award fee allocations are contained below:

#### Phase I Allocation

The entire amount of Phase I award fee available for a rating period will be allocated to contractors performing satisfactory work. Phase I fee only can be deferred or withheld if a PER has been filed documenting unsatisfactory performance. When the information contained in the Performance Evaluation Package indicates that performance is less than satisfactory, the PEB must determine what allocation will be made based on the severity of the problems that are noted.

The PEB also has the option to defer some portion of the Phase I award fee for consideration in a subsequent rating period. This may be necessary if the PO has filed a PER at the end of a rating period and the contractor has not had sufficient time to file its account of the problem, or if there is some question about the severity and/or validity of the problem noted in a given PER, and the PEB wishes to monitor the performance problem during the subsequent rating period. Phase I fee also may be deferred if work on a specific WA has just started and performance data that is sufficient to form a judgement is not available. A PER does not need to be completed if Phase I fee is deferred due to insufficient performance data but the PO must notify the PEB of the amount of award fee that will be deferred and must insure that the deferred amount is made available in the following rating period. A PER must be completed by the PO and included in the Performance Evaluation Package in order for the PEB to withhold or defer Phase I award fee due to unsatisfactory performance.

Phase II Allocation

Phase II award fee allocations may be made for an amount ranging from 0-100 percent of the total Phase II award fee available. The PEB should use the following guidelines to determine the amount of available Phase II award fee that will be allocated for completed WAs:

- Less than satisfactory performance: 0 percent
- Satisfactory performance: 1-30 percent
- Exceeded expectations: 31-65 percent
- Outstanding performance: 66-100 percent

The PEB is not bound by the Phase II award fee recommendation that is included on the WACR, but must make his/her judgment based on the information in the Performance Evaluation Package.

Program Management Allocation

Unlike the site-specific award fee which is broken into two categories (Phase I and Phase II), the PM award fee has only a single category where Region-wide PM performance is evaluated as a whole in each rating period. As a result, satisfactory performance is not sufficient to earn the entire amount of PM award fee, as is the case with site-specific Phase I award fee. Rather, the PEB must determine a ratio of the available PM fee pool that will be allocated to the contractor based on an analysis of the information contained in the Performance Evaluation Package.

The PEB should use the following guidelines to determine the amount of available PM award fee that will be allocated:

- Less than satisfactory performance: 0-30 percent
- Satisfactory performance: 31-60 percent
- Exceeds expectations: 61-80 percent
- Outstanding: 81-100 percent

Program management award fee allocation is discussed in further detail in Appendix II.

Fee Decision and Rationale Report

Following the PEB meeting at which the award fee recommendation is reached, the PO will prepare a Fee Decision and Rationale Report, which will be the official record of the PEB meeting, and forward this to the CO. The CO will prepare a letter for signature by the FDO informing the contractor's general management of the amount and basis of the award fee. The FDO will review the performance evaluation and the fee recommendation made by the PEB and make a final determination of fee. Following approval by the FDO, the fee will be awarded to the contractor by the CO.

#### 3.2.4.4 PIRS Determination

The PEB must review and approve the PIRS developed by the PO. The PEB review should focus on the accuracy and fairness of the RES ratings used to generate the PIRS and the PEB should ensure that the PIRS accurately reflects his/her assessment of a given contractor's overall performance. The PEB may accept the PIRS developed by the PO or may modify the ratings as appropriate. If the PEB does modify the ratings assigned by the PO, the PEB chairman must develop a narrative rationale for the changes. The approved and/or revised PIRS are forwarded to the personnel responsible for determining new work allocations. They are not included in the Fee Determination and Rationale Report that is sent to the FDO.

### 3.3 DISTRIBUTING WORK AND EXERCISING CONTRACT OPTIONS

EPA will issue Work Assignments to ARCS contractors based on past contract performance and the Regions'/Zones' workload for the coming year. Work Assignments will be distributed to the ARCS contractors when the contracts are awarded and annually when assignments are made for new projects. In addition, work may be assigned to enable contractors to continue their efforts through subsequent phases of the remedial process at sites where they have begun work. The procedures applied in each of these circumstances vary slightly in criteria.

The process of initiating WAs, for both new and continuation work, will follow the procedures and forms described in Section 3.4.

### 3.3.1 Distribution of Work at Contract Start-Up

Initial WAs will be distributed soon after contract awards. The process for making contract start-up assignments differs significantly from subsequent assignments because performance records are not available, and all ARCS contractors are considered to be equally capable of performing remedial response activities. To make contract start-up WAs, EPA POs will consider the size of the contract awarded, the location of the contractors' offices within the Region/Zone, potential conflict of interest, and any unique experience or capability possessed by a given contractor or Site Manager. These criteria are discussed in further detail in Section 3.3.2.2. To the extent practical, EPA will assign initial WAs to contractors in proportion to the size of their contracts.

### 3.3.2 Distribution of New Work Assignments Throughout the Contract

New WAs (excluding contract start-up assignments) refer to those that assign contractors to a site where they have not worked previously under this contract.

The distribution of new work is a two-phase process. The first phase is designed to determine the number of WAs distributed to each contractor; the second phase entails assigning specific projects. In the first phase, EPA considers only contractor performance and contract capacity in order to determine the number of new WAs to be allotted annually to each contractor. The second phase is designed to equitably assign specific projects to the contractors based on the allocations developed in the first phase.

#### 3.3.2.1 Annual Distribution of Work

To initiate the annual distribution of WAs, each Region or Multi-Regional Zone must assess its needs for contractor support for the coming year. This will occur prior to the beginning of each fiscal year, and will begin with the development of the Superfund Comprehensive Accomplishments Plan (SCAP).

The PO(s) will determine the number of new WAs to be awarded to each contractor in the upcoming fiscal year. The PO(s) will gather all the necessary data (i.e., anticipated resource requirements, contract capacity information, and performance evaluation data) to assign new work among the pool of ARCS contractors.

The number of new WAs given to ARCS contractors should be based on their relative technical and PM performance. The PIRS is developed to provide relative ratings of technical performance and is the primary measure used to determine annual work distribution. PM performance is considered to be less important than technical performance in determining WA distribution, but should be considered. The relative PM performance of different contractors can be determined by reviewing the percentage of PM award fee allocated to each contractor by the PEB. The PO is free to use any reasonable method to include PM performance ratings in the work distribution process, provided it is consistently and fairly applied to all contractors.

Under the performance-based work distribution process, it is possible for a contractor that is performing unsatisfactorily to receive no new WAs for the year under consideration, and to be considered for new WAs in subsequent years only if their performance on existing work improves. Conversely, contractors that perform work that exceeds satisfactory will receive a proportionately larger share of new WAs for a given year.

When assigning new work, the PO cannot exceed maximum contract ceilings or maximum yearly usage rates established in the contracts. Contract ceilings and usage rates are extremely important considerations because the contractor must have sufficient hours, both total and yearly, to complete existing projects. For example, a contractor that is performing successfully in the early stages of WAs may not receive new assignments in a given year if the PO believes the contractor's full capacity will be needed to complete existing assignments through remedial design and implementation oversight.

In order to make a valid determination of available contract capacity, POs must keep a running total of both obligated hours and the estimated number of hours necessary to complete assigned projects for each contractor. For example, if a contractor is performing well during the remedial investigation/feasibility study (RI/FS) phase and the PO feels that the contractor should continue with that site through remedial design and implementation oversight, then the hours necessary to complete the site should be considered in determining that contractor's available capacity. This would be true even if the hours required or tasking to complete work on the site have not yet been assigned to the contractor.

Exhibit 3.3-1 gives a hypothetical example of the type of running total that should be kept by the PO to determine contract capacity. The exhibit shows an estimate of hour requirements for WAs issued to the same contractor. The WAs are for work at three different sites in the RI/FS stage. The column titled "Expected Follow-On" indicates the PO's intention to have contractor "A" complete assigned sites through remedial design and implementation at sites A and C. As the exhibit indicates, the PO must track assigned and expected hours on both yearly and total contract basis because ARCS contracts include both yearly and total hour ceilings. Exhibit 3.3-1 is provided as an example of a possible methodology for monitoring contract capacity. While the use of this form is not required, POs must devise some mechanism to consistently track available contract capacity for ARCS contractors.

Table 1 depicts a hypothetical example of WA distribution. In the example, the Region has eight new WAs to distribute among five ARCS contractors that have sufficient capacity to complete new assignments within the yearly and overall contract ceilings. The PIRS (center column) are assigned to each contractor by the EPA PEB on a triannual basis, and are used to allocate work to contractors for the following year. The number of new WAs allocated to each ARCS contractor (right-hand column) is determined by their respective year-end PIRS. Contractors B, C and E have each received two Work Assignments because their respective average PIRS are higher than those of Contractors A and D.

**TABLE 1**

| CONTRACTOR | AVERAGE OF PAST THREE PERFORMANCE INDEX RATING SCORES | NUMBER OF NEW WORK ASSIGNMENTS |
|---|---|---|
| A | 75 | 1 |
| B | 89 | 2 |
| C | 87 | 2 |
| D | 79 | 1 |
| E | 91 | 2 |

### 3.3.2.2 Project-Specific Distribution of Work

The second phase of the distribution process can take place only after project-specific information is available. Regions/Zones should attempt to gather this information immediately after, if not before, the number of WAs to be distributed has been determined. Once the majority of sites to be assigned are known, the PO(s) will make specific assignments based on the criteria discussed below. For those projects not identified prior to this determination, the PO(s) will assign the remaining projects as the necessary information arises.

The PO(s) must thoroughly document all decisions. Documentation should consist of a narrative record of the decision process, describing the basis for making specific project assignments. The PO(s) also must track the number of WAs actually given to a contractor to verify compliance with the allocations made during the annual distribution of new work.

## EXHIBIT 3.3-1
## LOE USAGE FOR ARCS CONTRACTOR "A"

| SITE | WA # | ASSIGNED HOURS | EXPECTED FOLLOW-ON | ESTIMATE TO COMPLETE | TOTAL | BREAKDOWN BY YEAR | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| A | 1 | 20,000 | YES | 20,000 | 40,000 | 5,000 | 15,000 | 15,000 | 5,000 | | | | | | |
| B | 2 | 15,000 | NO | - 0 - | 15,000 | | 10,000 | 5,000 | | | | | | | |
| C | 3 | 15,000 | YES | 30,000 | 45,000 | | 15,000 | 15,000 | 15,000 | | | | | | |

Several criteria must be carefully considered when distributing WAs. Some criteria lend themselves to quantifiable measures, while others are more qualitative. The manner in which each Region applies these criteria may vary slightly, but within a Region, or Multi-Regional Zone, they must be applied consistently. The applicable criteria are discussed below.

- Demonstrated Performance - Demonstrated performance is used in the annual distribution procedure to determine the number of new WAs given to a contractor, and again to make project-specific WAs. Although two contractors may both be assigned the same number of new WAs during the annual distribution of work, the better performer of the two would be considered better qualified to receive an especially difficult project or one that would require a higher LOE. For example, using the hypothetical situation shown in Table 1 above, contractor E should be considered for the largest or most difficult Work Assignments because its year-end Performance Index Rating Score (91) was the highest of those firms receiving two new WAs.

  In addition, the contractors PM performance, as evaluated for the purpose of allocating PM award fee (see Section 3.2.4.3), may be used in the project-specific allocation of WAs. While PM performance is considered less important than site-specific technical performance it may be used to differentiate between contractors with substantially equal PIRS ratings. The percentage of PM award fee allocated to a given contractor by the PEB, in accordance with Section 3.2.4.3, should be used as the PM performance rating for the purpose of allocating WAs.

- Conflict of Interest (COI) - ARCS contractors will be required to notify the Government of potential conflicts of interest prior to award of the contracts. However, due to the ten year term of the ARCS contracts and the uncertainty about which projects will be assigned to a given contractor, the pre-award notification of potential conflicts may not be sufficient to allow EPA to determine real or perceived conflicts of interest. The PO(s) should therefore circulate a list of proposed projects to each ARCS contractor and require them to inform the Agency, prior to specific WA distribution, of any conflicts. Contractors will not be considered for projects where the CO determines that a conflict exists.

  It should be emphasized that this pre-selection disclosure of COI will not affect the number of WAs allocated to an ARCS contractor, but will simply dictate which projects can be assigned to fill the contractor's yearly work allocation. ARCS contractors should be cautioned that this pre-selection notification will be considered a certification that no conflict exists at those sites/projects indicated. If the existence of a real or perceived conflict is discovered after work is assigned at a particular site, and the ARCS contractor knowingly failed to give EPA pre-selection notification, the contractor may be subject to termination for default, or penalized in the award fee determination for that rating period.

- Location - Geographic location of a contractor's office(s) is an important consideration in terms of the expense associated with the costs of travel to and from a site. The objective of this criterion is to minimize charges due to the movement of contractor and subcontractor personnel and equipment. Regions may use distance bands (e.g., 0 - 100 miles, 100 - 250 miles) or any other method they devise to evaluate this criterion.

- Contract Capacity - The purpose of considering contract capacity in determining new WAs is to ensure that contractors are assigned workloads within the maximum contract ceiling and the yearly usage rates specified in their contracts.

  The Regions/Zones should attempt to distribute work equitably among satisfactory and above satisfactory performers. If two contractors are performing equally well, the Region/Zone should attempt to use an equal percentage of their respective contract capacities. The overriding contracting capacity considerations include:

  - Do the contractors' WAs exceed the maximum yearly usage rate or total contract ceiling?

  - Will the contractors have sufficient capacity, within both the yearly and total contract ceilings, to complete assignments through the remedial implementation if necessary and continue on projects where they are performing satisfactorily?

- Specific Technical Expertise - This final criterion is used to distinguish among two or more equally deserving ARCS contractors. Although all ARCS contractors are capable of performing any task within the contract SOW, the Region/Zone may observe that certain contractors and/or site managers exhibit specific technical expertise or strengths. EPA should take advantage of contractor skills by matching demonstrated expertise to projects requiring these skills or abilities. For example, a particular contractor may be very experienced in projects involving wetlands, and therefore, should be assigned to the site requiring that knowledge.

To assess a contractor's specific technical expertise, the Region/Zone should rely primarily on first-hand experience, derived from observing the contractor's performance on ARCS WAs. Because it is likely that the contractors' personnel and associated capabilities will change over the ten year period of performance, ARCS contractors may voluntarily submit an annual statement of qualifications to the PO (25 page limit). The annual qualifications statement should include information about changes or improvements in the contractors' personnel, capabilities, and corporate experience. In particular it should focus on the availability of specific site managers and other key personnel. This will assist POs in matching the particular strength or expertise of a contractor to specific sites. EPA will not reimburse the contractors for this voluntary submission.

The criteria discussed above must be applied accurately and consistently to ensure that WAs are distributed equitably. Exhibit 3.3-2 shows how the criteria might be applied to a specific WA for a hypothetical ARCS contract.

### 3.3.3. Distribution of Continuation Work Assignments

One of the stated goals of ARCS is to allow remedial response contractors to provide continuous project management and execution at a site from remedial planning through implementation (construction management).* By providing continuous service at a site, project "handoffs" are avoided and the quality, schedule, and cost effectiveness of the remedial response are maximized.

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* Actual implementation/construction must be competitively contracted or subcontracted. The Federal Acquisition Regulations (48 CFR Part 36) preclude Government contractors from designing and implementing projects (in this case, remedial actions) except with the approval of the head of the Agency or an authorized representative. A contractor's efforts at a site may be discontinued for reasons other than poor performance; the project-lead organization for the site may change (i.e., from Federal to State) or responsible parties may agree to conduct the Remedial Design/Remedial Action (RD/RA). EPA also may assign the RD/RA to the U.S. Army Corps of Engineers. In these cases, the ARCS contractor may be assigned to oversee activities on behalf of EPA or provide other technical assistance.

## EXHIBIT 3.3-2

## PROJECT-SPECIFIC CONTRACTOR SELECTION

(RI/FS AT SITE X, ANYWHERE, USA)

| | CRITERIA | | | | |
|---|---|---|---|---|---|
| CONTRACTOR | CONFLICT OF INTEREST | PERFORMANCE (AVERAGE OF PAST THREE PIR SCORES) | LOCATION | EXPERTISE | CAPACITY |
| A | No Conflict<br>PASS | 75 | 75 miles (usual drilling subcontractor in next town) | 35% of total contract capacity used, yearly capacity available; has already received allotment of new work for the year | Annual qualification package indicated experience with similar projects; EPA has no first-hand knowledge of experience |
| B* | No Conflict<br>PASS | 89 | 50 miles from satellite office | 25% of total contract capacity used, yearly capacity available; due for a new work assignment | Successfully completed similar project last year |
| C | No Conflict<br>PASS | 87 | 30 miles from main office | 30% of total contract capacity used, yearly capacity available; due for a new work assignment | Little experience with this type of site - better suited for another project |
| D | Represents PRP of site<br>FAIL | ELIMINATED → | | | |
| E | No Conflict<br>PASS | 91 | 150 miles | 40% of total contract capacity used, maximum yearly usage rate assigned | ELIMINATED → |

* CONTRACTOR B WAS DETERMINED TO BE BEST-SUITED FOR THIS PROJECT

Continuation WAs result when EPA decides to retain an ARCS contractor at a site to continue work on the next phase of the cleanup. This will occur most commonly when EPA decides to assign the remedial design (RD) to the ARCS contractor who satisfactorily completed the remedial investigation/feasibility study (RI/FS) at the site.

The Region/Zone must determine, at logical break points in the remedial process, whether the contractor is performing satisfactorily at the site and whether the project would benefit from assigning the contractor follow-on work. Logical break points occur at the end of major remedial response activities (RI/FS and RD), however, the Region/Zone may break the project into smaller activities, if desirable.

Continuation WAs will be made as needed during the course of a project. If the contractor's performance at the site in question has not been satisfactory, and the responsible EPA RPM recommends continuation, then the RPM must document on what basis he/she suggests the continuation. The PO, along with appropriate Regional managers, will consider additional factors (e.g., enforcement status of site, contract capacity) before forwarding the continuation WA to the EPA CO for approval.

### 3.3.4 Exercising Contract Options

EPA may elect to exercise contract options when a contractor's base award has been fully ordered. Contract options may be awarded incrementally, over the performance period of ten years up to the maximum yearly and total LOE ceilings (see Section 1.3.2). As mentioned previously, a bilateral agreement may be used to exercise options in excess of the yearly ceilings.

EPA will exercise options in 5,000 hour increments. The number of options exercised will be based on EPA's projections of the LOE necessary for a given contractor to continue existing WAs (based on predicted schedule and projected expenditure) and to begin new WAs. The number of options to be awarded can be calculated only after the number of new WAs to be issued to a contractor is known and the associated LOEs can be estimated. Better LOE estimates can be made if site-specific projects are allotted to each contractor prior to the option determination. To avoid the allotment of excessive hours, the LOE remaining from the previous year will be subtracted from the LOE required for the year under consideration. The LOE necessary to carry out assigned work will determine the number of 5,000 hour option blocks exercised.

Following the annual WA determination, the PO assesses the number of options to be awarded. The PO submits his recommendation to the CO for approval. The determined LOE must be rounded off to the next highest 5,000 hour increment. An example determination is shown in Exhibit 3.3-3.

## EXHIBIT 3.3-3

## EXAMPLE OPTIONS DETERMINATION

The number of options awarded is based on the LOE required to continue existing work, plus the LOE required to begin new work, less the LOE remaining in the contract.

| CONTRACTOR | CONTINUATION ASSIGNMENTS (ESTIMATED HOURS) | NEW WORK ASSIGNMENTS (ESTIMATED HOURS) | LOE REMAINING (HOURS) | LOE REQUIRED (HOURS) | # OF OPTIONS AWARDED |
|---|---|---|---|---|---|
| A | 10,000 | 5,000 | 6,000 | 9,000 | 2 |
| B | 4,000 | 17,000 | 2,000 | 19,000 | 4 |
| C | 6,000 | 13,000 | 6,000 | 13,000 | 3 |
| D | 20,000 | 8,000 | 9,000 | 19,000 | 4 |
| E | 8,000 | 19,000 | 1,000 | 16,000 | 4 |
|  |  |  |  | 76,000 | 17 Options<br>85,000 Hours |

### 3.3.5 Exercising Program Management Options

The CO, based on the PO's recommendation, has the unilateral right to exercise PM options within stated yearly limits whenever needed. Because PM is a support function for site-specific remedial activities that are in process, the PO is not required to adhere to the procedures for exercising site-specific LOE options that were described in Section 3.3.4 above.

As stated in Section 1.3.2, base and optional PM allocations are priced on the basis of assigned site-specific LOE. This gives the PO the flexibility to increase PM support as the ARCS contractor's site-specific workload increases either through additional site assignments or increased testing beyond the initial stages of sites that have already been assigned. While the PO can anticipate that a contractor's PM responsibilities will increase as site-specific LOE is increased, there is no requirement to exercise PM options in a precise ratio to LOE hours awarded or used. In some situations, the existing PM allocation may be adequate to support an increase in LOE.

The award of PM options will be based on the PO's assessment of the need for additional PM support. The ARCS contracts require the contractor to identify PM expenses separately on each monthly invoice. The PO must use the information on the monthly invoices to monitor PM expenditures versus the pool of PM dollars currently available in the contract and to determine whether the charges are allowable and reasonable. This review of invoices is vital to the PO's ability to exercise management control over PM costs. Unallowable expenses, or allowable expenditures that exceed expected levels, should trigger an assessment of the contractor's PM support by the PO. This assessment should focus on possible inefficiencies in the contractor's operations and/or conditions that have caused the PO to underestimate the need for PM support, and should help the PO to determine the need for additional PM options, or other corrective action.

In all cases, the PO should use the following criteria to determine an appropriate PM option award:

- Number of active WAs
- Progress and percent of completion on active WAs
- Specific PM needs
- Probability that additional WAs will be awarded to the vendor in the foreseeable future
- Historical trend regarding relationship between LOE and PM.

POs are reminded that because PM base and option amounts are priced on a completion basis, the entire base and award fee pools for any PM allocation must be made available to the contractor even if the entire PM cost allocation is not used. Therefore POs should use the flexibility allowed by the contracts to award options in reasonable increments that have a high probability of being fully used.

## 3.4 WORK ASSIGNMENT PROCEDURES

This section describes the contract administration procedures that apply to the initiation, management and completion of WAs. The four key steps that are involved in the WA process are:

- Development and issuance of the WA
- Completion of the interim WA tasks and approval of the contractor work plan
- Amending the approved contractor work plan and increasing funding
- Completion of the WA and close-out procedures

### 3.4.1 Work Assignment Roles and Responsibilities

This section describes the responsibilities of the personnel involved in the WA process.

#### 3.4.1.1 RPM/PO Responsibilities

The RPM/PO is responsible for generating the basic technical documents related to the WAs, and review and approval of contractor submissions. Specific responsibilities include:

- Developing the WA Package
- Developing the Technical Direction Memorandum (TDM) when necessary
- Setting Expenditure Limits when necessary
- Reviewing contractor work plans and proposed amendments and recommending approval to the CO
- Processing WA amendments and funding increases when necessary.

#### 3.4.1.2 CO Responsibilities

The CO has a wide range of responsibilities; specific responsibilities are listed below:

- Reviewing, approving, and issuing WAs
- Authorizing funding
- Transmitting signed initial WAs to the RPM/PO and the contractor
- Reviewing and approving work plans.
- Issuing necessary contract modifications to accompany WAs
- Approving changes to the total funding or overall scope of a WA.

### 3.4.2 The Work Assignment Form

The Work Assignment Form (WAF) is a one-page form developed to manage and coordinate the various activities needed to initiate, approve, change, and complete a WA. The form allows for efficient WA tracking and provides an up-to-date WA status at any given time. A new WAF is completed for each contractual action related to a WA. Each successive WAF supersedes the previous form and therefore ALL required information must be provided on each form. A copy of the WAF is provided in Exhibit 3.4-1. The form is to be used whenever one of the following activities is to be conducted:

- A new WA is issued by EPA
- The contractor requests an amendment to the WA or work plan
- Incremental funding is provide The work plan receives full or partial approval
- An assignment is completed.

The WAF is a versatile form used in all of the situations outlined above. The use of the WAF for specific administrative action is discussed in further detail below.

### 3.4.3 Issuance of the Work Assignment

The initial step in issuance of the WA is development of a Work Assignment Package. The initial package consists of the following elements:

- Work Assignment Form
- Complete SOW for the total WA

## EXHIBIT 3.4-1

**USEPA**

## WORK ASSIGNMENT FORM

**1. WORK ASSIGNMENT INFORMATION**

PROJECT NAME: ____________ CONTRACTOR: ____________ WORK ASSIGNMENT NO.: ____________

ACTIVITY: ____________ EPA CONTRACT NO.: ____________ REVISION NO.: ____________

DATE: ____________ CONTRACTOR CONTROL NO.: ____________ MODIFICATION NO.: ____________
(Contracting Officer Use Only)

**2. DESCRIPTION OF ACTION**

| | | | | |
|---|---|---|---|---|
| ☐ NEW WORK ASSIGNMENT<br>• Interim SOW, schedule, and LOE<br>• Complete SOW, estimated budget and schedule<br>RECURRED APPROVAL<br>EPA REGION/ HEADQUARTERS | ☐ INTERIM AMENDMENT<br>• Change in LOE, Scope by task<br>• Add additional tasks or funds<br>☐ INCREMENTAL FUNDING<br>EPA REGION/ HEADQUARTERS | ☐ PARTIAL WORK PLAN APPROVAL<br>☐ FINAL WORK PLAN APPROVAL<br>• Approval of work plan<br>• Add funds<br>☐ AMENDMENT TO FINAL WORK PLAN APPROVAL<br>• Change in LOE, scope or budget by task<br>• Add additional tasks or funds (include OF 60 or SF 1411)<br>EPA REGION/ HEADQUARTERS | ☐ TECHNICAL DIRECTION MEMORANDUM<br>• Detailed scope, budget and schedule<br>• Revise expenditure level<br>• Minor shift within SOW<br>(All changes must be within overall scope, budget, and LOE approved by EPA CO)<br>EPA REGION | ☐ WORK ASSIGNMENT COMPLETION NOTIFICATION (NO ATTACHMENTS)<br>• Contractor originates<br>• Regional determination<br>• When signed by CO, this constitutes a stop work order<br>CONTRACTOR |

**3. BUDGET INFORMATION**

| | TOTAL FUNDING RECEIVED ($)* | INTERIM BUDGET (TECHNICAL LOE) | INTERIM BUDGET ($)* | APPROVED WORK PLAN BUDGET (TECHNICAL LOE) | APPROVED WORK PLAN BUDGET ($)* | EXPENDITURE LIMIT (EL)* (TECHNICAL LOE) | EXPENDITURE LIMIT (EL)* ($)* |
|---|---|---|---|---|---|---|---|
| CURRENT | | | | | | | |
| THIS ACTION | | | | | | | |
| TOTAL | | | | | | | |

* Option - dollar estimate may be tracked regionally in expenditure limit block EPA estimated LOE hours of entire WA ____

* Includes fees

* Includes fees

* Established by RPM/RPO

**4. WA COMPLETION DATE**

CURRENT ____________ REVISED ____________

**5. EPA COMMENTS**

____________

____________

____________

____________

**6. APPROVALS**

CONTRACTOR SIGNATURES:

____________ ____________
SITE MANAGER /FIRM DATE

PHONE ____________

____________ ____________
REGIONAL MANAGER /FIRM DATE

EPA SIGNATURES:

____________ ____________
REMEDIAL PROJECT MANAGER DATE

PHONE ____________

____________ ____________
PROJECT OFFICER DATE

☐ APPROVED AS SUBMITTED ☐ APPROVED WITH CHANGES ☐ NOT APPROVED

____________ ____________
SIGNATURE OF CONTRACTING OFFICER DATE APPROVED

CC EPA Project Officer
PO/RPM
Contractor
EPA Contracting Officer (when only expenditure limit column is used)

**ATTACH STATEMENT OF WORK**
(PER DESCRIPTION OF ACTION)

- Procurement request (PR)
- Expenditure limits.

### 3.4.3.1 Completing the Work Assignment

The RPM/PO is responsible for preparing the WAF and submitting the completed form to the CO. In the initial WA package, the RPM/PO will be responsible for completing the following elements in Item 1, "Work Assignment Information":

- Date
- Project Name
- EPA Contract Number
- Activity
- Contractor Name
- Revision Number (which will be "initial" for new WAs and then sequentially numbered for each subsequent action)
- Work Assignment Number (of which the last four digits correspond to the site-specific accounting information for the site, allowing room for sequential numbering by the CO).

Under Item 2, the RPM/PO will check the box marked "New Work Assignment." Under Item 3, the RPM/PO will fill the "Interim Budget" column by showing the current LOE for the particular activities addressed by the WAF and the EPA estimated hours for the entire WA. (Note: The LOE hours for the entire assignment should be estimated based on historical data when available.) For a new WA, the dollar amount of the initial PR should be shown in the "This Action" and "Total" lines of the "Total Funding Received" column. The RPM/PO also may provide a dollar estimate for some set of interim work tasks (see 3.4.3.1 below) and show this estimate in the Expenditure Limit block (use of the expenditure limit is discussed in Section 3.4.3.3). Under Item 4, the RPM/PO will fill in the WA completion date for the entire WA in the space marked "Current." The RPM/PO will sign on the appropriate spaces in the Approvals Section (6) of the form.

### 3.4.3.2 The Statement of Work

The EPA RPM/PO is responsible for developing the complete WA SOW. The complete SOW defines the tasks the contractor will be expected to perform to complete the entire WA. The SOW also may identify some interim work tasks that can be performed by the contractor prior to approval of the contractor's work plan for the

WA. These interim work tasks are a subset of the total SOW and normally consist of basic and routine activities that can be performed by the contractor immediately after the WA is received. They may include:

- Literature reviews
- Data file services
- Development of a Sampling and Analysis Plan
- Limited fieldwork.

SOW development is an extremely important part of the PO's/RPM's responsibilities because the SOW is the basis for all activities performed under a WA. The ARCS Work Assignment Management Field Guide and the Work Assignment Management Training for RPMs both contain detailed guidance for developing clear and complete SOWs.

#### 3.4.3.3 Procurement Request

The procurement request (PR: EPA Form 1900-8) is used to commit funds to the WA. The procurement request sets an overall ceiling on expenditures on the WA that may not be exceeded without subsequent additions to WA funding. Additional funding for WAs can be provided at any time, and is accomplished with a new PR and the issuance of an amended WAF that is signed by the CO (see Section 3.4.5.3). The PR for initial WAs may not include sufficient funding to complete the entire WA but it should include enough funding to complete all SOW tasks that can be reasonably estimated at that time. Additional funding may be allocated as needed. The RPM is responsible for requesting a PR and planning sufficient funding for the project. Each EPA Regional office has designated personnel to prepare PRs and obtain approvals.

#### 3.4.3.4 Expenditure Limits

The RPM/PO may choose to set an expenditure limit for WAs. This limit provides a mechanism for the Region to manage the phasing and execution of the WA. An expenditure limit cannot exceed the total funding available on a WA.

Expenditure limits can be used to:

- Limit execution of work to distinct tasks or activities
- Provide control over the execution of individual tasks within an approved work plan
- Provide control over interim work tasks that are started prior to work plan development and approval.

Expenditure limits can be increased or lifted by the PO at any time through the issuance of an amended WAF (see Section 3.4.5.5).

#### 3.4.3.5 Issuance of the Work Assignment Package

The Work Assignment Package, when completed, is transmitted to the EPA CO. The CO assigns the WA number, signs the WAF in the appropriate section, and prepares a contract modification that reflects the necessary change to contract funding. The CO forwards the original to the contractor with a copy to the RPM and the PO. The contractor acknowledges acceptance of the WA by signing the contract modification and returning the original modification to the CO.

Upon acceptance of the WA, the contractor will identify the Site Manager, and begin work on the Work Plan Memorandum and other interim tasks.

### 3.4.4 Work Assignment Initiation and Development of the Work Plan

This section describes the activities related to developing the work plan and beginning approved tasks under the WA SOW. Three basic activities are described:

- Development of the work plan memorandum (WPM)
- Performance of interim work tasks
- Development and approval of the work plan.

#### 3.4.4.1 The Work Plan Memorandum

The WPM is developed by the contractor immediately after receipt of the WA. It describes the contractor's approach to developing the overall work plan for the WA and the approach to any interim work tasks (see Section 3.4.3.1) that are identified in the SOW. The WPM is normally used for large and/or complete WAs. The WPM is intended to save time by providing the PO with interim authorization to allow the contractor to begin work, and therefore incur costs, prior to approval of the overall work plan.

The content of the WPM should be similar to the content of the overall work plan, and should include at least the following information:

- Proposed LOE
- Proposed total cost
- Schedule

- Staffing
- Technical approach.

The PO reviews the WPM for sufficiency but is not required to formally approve it, and any PO response to a WPM should be on an exception basis only. For example, the PO may respond if the proposed staffing or costs in the WPM appear unreasonable for the tasks to be performed. If the PO accepts the WPM as submitted, the contractor is authorized to begin work to develop the overall work plan, as well as other interim work tasks.

### 3.4.4.2 Performance of Interim Work Tasks

The contractor is authorized to begin work on interim work tasks identified in the SOW and described in the WPM upon acceptance of the WPM by the PO. The contractor may perform interim work tasks up to authorized expenditure limits or task budgets.

### 3.4.4.3 Work Plan Development and Approval

The work plan describes the contractor's technical approach to accomplish the complete SOW under the WA.

The contractor begins work on the work plan after acceptance of the WPM by the PO. The work plan must include a complete description of the contractor's proposed budget, LOE, staffing and methodology for completing all tasks in the SOW in sufficient detail to allow the PO to determine whether the contractor's proposed technical approach and costs are realistic and reasonable.

The contractor must complete an Optional Form 60 (OF-60) or a Standard Form 1411 (SF-1411) as part of the work plan, and a partially completed WAF for final work plan approval. The contractor should complete Item 1 of the WAF and should mark the "Final Work Plan Approval" box under Item 2. The contractor also can fill in the Approved Work Plan Budget in the "This Action" and "Total" columns in Item 3 reflecting the technical LOE hours and total cost budget supported in the final work plan text. If the final approved work plan revises the completion date for the entire WA then the contractor should reflect this new date in the revised line of Item 4. The contractor's Program Manager and Site Manager must sign the appropriate spaces under Item 6 prior to transmittal of the form to the PO.

In some cases the contractor may not be able to develop a detailed approach for all tasks in the SOW when the initial work plan is developed. For example, the approach to some of the later tasks in an SOW may be dependent on work completed during the early stages of a WA when a thorough examination of the conditions at a given site are performed. In cases where the initial work plan does not include a detailed approach to all tasks in the SOW, the contractor will be required to submit a preliminary approach and budget and staffing estimates for the tasks that require further definition and investigation with the initial work plan. As soon as sufficient information is collected to complete a detailed work plan for these tasks, the contractor should prepare and submit a work plan amendment which will complete the description of the approach for the complete SOW.

Upon receipt of the work plan, the PO will review the budget, schedule and approach for technical sufficiency, and the cost for reasonable and realistic estimates. Appendix III - Work Plan Evaluation Checklist is a detailed list of technical and cost issues which the PO must consider in evaluating work plans. This checklist must be completed and signed by the PO and forwarded to the CO with the approved work plan.

POs are responsible for resolving any questions or disagreements they have with the work plan. This should be accomplished through a dialogue with the contractor aimed at producing a plan that is mutually agreeable to both parties. The PO will signify acceptance of the work plan by signing on the bottom of the contractor-prepared WAF that accompanies the work plan, and returning it to the contractor. A copy of the approved work plan also is forwarded to the CO.

If the approved work plan calls for expenditures that exceed the funds obligated for the WA, the PO must process a new procurement request that will increase funding up to the level identified in the work plan. This increase must be approved by the CO and will be accomplished by the issuance of a WAF and contract modification.

### 3.4.5 Amending the Approved Work Plan and Increasing Funding

Upon completion and approval of the work plan, the contractor will proceed with performance of all approved tasks in the SOW (see Section 3.4.4.3 for discussion of phased approval of work plans). During this period, the PO is responsible for monitoring the technical performance of the contractor and the costs incurred on the WA to ensure that the contractor meets the technical objectives of the WA within the approved schedule and budget.

During the execution of the approved tasks in the work plan, changes sometimes occur or site conditions are encountered that are different than originally projected. These changes in site execution may affect the approved scope, LOE or dollar values described in the work plan and the work plan and/or the WA SOW may have to be revised.

There are two methods for modifying the approved work plan for any WA:

- Technical direction memorandum (TDM)
- Formal work plan amendments

Both the TDM and the formal amendment are normally initiated by the contractor and must be approved by EPA. Exhibit 3.4-2 provides summary guidance for the appropriate use of the TDM and WA amendment, and procedures for processing these actions follow in Sections 3.4.5.1 and 3.4.5.2.

As stated in Section 3.4.3, the PO provides WA funding with the PR and may set expenditure limits. When the initial funding is insufficient to complete the entire WA, or when expenditure limits must be lifted or raised to allow the contractor to continue work, the PO will be responsible for initiating the necessary changes to the WA. Procedures for processing these actions are detailed below in sections 3.4.5.3 and 3.4.5.4.

### 3.4.5.1 Technical Direction Memorandum

A TDM is used to make changes to tasks under an approved WPM or work plan that do not involve changes in the basic scope or budget of the WA. A TDM cannot be used to document major changes in scope which would clearly exceed the overall approved budget or LOE levels for the assignment. Changes of this nature must be documented and approved through an amendment.

The contractor first completes a detailed description of the scope, schedule and budget for a proposed TDM. If it is determined that the proposed TDM is within the scope, budget and schedule of the approved SOW and work plan, the contractor will prepare a WAF and attach this to the TDM. The contractor will be responsible for checking the TDM box on the WAF and submitting this information to the RPM/PO for approval. Proper completion of the TDM will insure that the required data will be submitted to the RPM/PO in a format designed to expedite the Regional approval process.

Exhibit 3.4-3 presents a completed sample TDM. Item 1.0 contains the general WA information and serves as a tracking device for the overall site activity. Item 2.0 presents the objective and the approach of the modifications being carried out. Item 3.0 (page 2 of the form) explains subcontractor requirements, if any, and Item 4.0 presents schedule and deliverable changes. Item 5.0 contains the budget information, providing a task breakdown of costs and hours with the totals. Item 6.0 summarizes the impact of the current proposed TDM action on the overall assignment LOE and cost. Item 7.0 of the TDM is the final approval signatures by the contractor and Regional personnel.

## EXHIBIT 3.4.2

## ACTION / EXECUTION SUMMARY

| ACTION | EXECUTION |
|---|---|
| Add new task or phase | WA Amendment |
| Modification to task which affects overall approved LOE, dollars, and schedule end date | WA Amendment |
| Modify execution of task or phase within approved LOE dollar limits of assignment prior to actual execution | TDM |
| Document changes made to execution of task or phase which did not affect overall approved LOE or dollar limits | TDM |

## EXHIBIT 3.4-3

PAGE 1 OF 2

**USEPA** **TECHNICAL DIRECTION MEMORANDUM**

**1.0 WORK ASSIGNMENT INFORMATION**

| | | | |
|---|---|---|---|
| **DATE:** | 10/15/84 | **PROJECT NAME:** | ABC CO.,TX |
| **EPA CONTRACT NO.:** | 68-01-6939 | **WORK ASSIGNMENT NO.:** | 1-6L51 |
| **CONTRACTOR:** | CDM INC. | **SITE MANAGER/FIRM:** | JOHNNY SAMPLE - CDM |
| **REVISION NO.:** | 3 | **CONTRACTOR CONTROL NO.:** | 999-PM1-RT-CDHG |

**2.0 TECHNICAL DIRECTION SCOPE OF WORK**

**OBJECTIVE:** To conduct field activities at the site. Field activities that are being conducted during Phase I include first round well drilling, soil sampling, sediment sampling, and air sampling.

**APPROACH: (Present description of Task and Sub-Task basis)**

Tasks affected by this TDM are as follows:

| | |
|---|---|
| Task 2A-1 | Well Drilling - Phase I |
| Task 2B-2 | Soil Sampling - Phase I |
| Task 2C-1 | Sediment Sampling - Phase I |

Minor changes in the scope of the above listed sub-tasks occurred during the conduct of the work assignment. The detail of the scope changes are attached. (ATTACHMENT NOT INCLUDED IN THIS GUIDANCE DOCUMENT). While the individual task budgets have changed, there is no impact on the overall budget or LOE ceilings for this assignment.

## EXHIBIT 3.4-3 (continued)

PAGE 2 OF 2

## USEPA TECHNICAL DIRECTION MEMORANDUM

**3.0 SUBCONTRACTOR REQUIREMENTS (Description of Services):**

Not Applicable

**4.0 SCHEDULE AND DELIVERABLE:**

| TASK NO. | START DATE: | COMPLETION DATE: | DELIVERABLE: |
|---|---|---|---|
| A-1 | 3/8/85 | 6/25/85 | |
| B-1 | 4/16/85 | 5/2/85 | |
| C-1 | 4/16/85 | 5/12/85 | |
| | | | |
| | | | |

(Task Nos. Per Technical Direction Scope of Work)

**5.0 BUDGET INFORMATION:**

| | PROFESSIONAL | | SUPPORT | | EQUIP. | TRAVEL | ODCs | SUB POOL | FEES | TASK TOTALS |
|---|---|---|---|---|---|---|---|---|---|---|
| TASK NO. | HOURS | COST | HOURS | COST | | | | | | |
| A-1 | 1,170 | 27,000 | 130 | 3,000 | 1,000 | 500 | 1,200 | 47,300 | 5,635 | 85,635 |
| B-1 | 608 | 13,500 | 67 | 1,500 | 1,500 | 700 | 1,700 | 22,600 | 3,020 | 44,520 |
| C-1 | 608 | 13,500 | 67 | 1,500 | 1,500 | 500 | 2,000 | 21,000 | 2,950 | 42,950 |
| | | | | | | | | | | |
| TOTAL | 2,386 | 54,000 | 264 | 6,000 | 4,000 | 1,700 | 4,900 | 90,900 | 11,605 | 173,015 |
| COMMITTED TO DATE | 3,100 | 100,000 | 310 | 25,000 | 5,000 | 3,000 | 7,000 | 225,000 | 25,250 | 390,250 |
| APPROVED BUDGET | 2,500 | 60,000 | 280 | 7,000 | 4,500 | 2,100 | 5,200 | 104,000 | 13,080 | 195,880 |
| VARIANCE | (114) | (6,000) | (16) | (1,000) | (500) | (400) | (300) | (13,100) | (1,475) | (22,775) |

| 6.0 TOTAL ORIGINAL WA BUDGET: | TOTAL REVISED WA BUDGET | VARIANCE |
|---|---|---|
| $ 550,000 | $ 550,000 | $ |
| LOE 7,050 | LOE 7,050 | LOE |

**7.0 APPROVALS:**
**CONTRACTOR SIGNATURES**

SITE MANAGER FIRM ____ DATE ____

REMEDIAL PROJECT MANAGER ____ DATE ____

REGIONAL MANAGER FIRM ____ DATE ____

REMEDIAL PROJECT OFFICER ____ DATE ____

**If there is a significant positive variance, an amended request should be processed by the manager after discussions with the RPO.**

The RPM/PO will be responsible for approving the TDM by completing the appropriate sections of the WAF and returning a copy of the completed WAF to the contractor, the EPA PO and CO.

### 3.4.5.2 Amendment to Approved Final Work Plan

If it is determined that additional funds are needed, a major change in overall scope or an individual task is required, or an overall WA completion date change is necessary, the final work plan must be amended to implement the changes. The contractor will normally initiate a work plan amendment by submitting the detailed scope, budget and schedule for the changes to the assignment to the RPM/PO with an appropriately completed WAF. The contractor will check the box labeled Amendment to Final Work Plan Approval on the WAF and will include an OF-60 or SF-1411 as part of this submission.

The contractor should include appropriate back-up information with the amendment package. The additional information required includes the following:

- A detailed scope of work to be performed or a detailed description of the changes that take place in the assignment;
- Schedule update, including task completion dates (milestones), and critical path schedule (optional);
- Staffing of each task affected; and
- A detailed LOE and cost estimate for each task being covered by the amendment.

The RPM/PO must evaluate and approve the amendments to the Final Work Plan. The RPM/PO indicates approval by completing and submitting the WAF and signing in the appropriate box. In addition, the RPM/PO will need to check the funding level of the project to determine if a procurement request will be required as well. When the Amendment requires a change to the overall scope or funding of the WA, the PO will forward the WAF to the CO for approval. The CO will then forward copies of the approved amendment to the contractor and PO.

### 3.4.5.3 Increasing Total Work Assignment Funding

In order to increase total WA funding, the PO must prepare a PR and an amended WAF. The WAF must indicate the appropriate information in Item 3, "Budget Information", by placing the appropriate dollar figures in the This Action and Total rows.

Increasing total funding on a WA requires the approval of the CO. The PO must forward the amended WAF with the PR to the CO for processing.

### 3.4.5.4 Increasing the Expenditure Limit

Increasing or lifting expenditure limits also requires the preparation of an amended WAF. Item 3 on the form must be revised to show the correct information in the "Expenditure Limit" column. Increasing or lifting the expenditure limit requires CO approval only if the action increases total WA funding. If the action to increase or lift expenditure limits does not increase total funding, the PO can approve the action, and will forward copies of the amended WAF to the contractor and the CO.

### 3.4.5.5 Completion of the Project

Upon completion of the project, a WAF stating that the project is complete (with appropriate detailed budget information) is prepared by the contractor and submitted to the RPM. The RPM will then sign the WAF and forward it to the CO with a copy to the PO.

Upon receipt of the WAF, the CO issues a Stop Work Order (SWO) to the contractor and submits copies of the SWO to the RPM and PO. The SWO will cover major technical activities only. Administrative activities relating to close-out will proceed as needed.

With the SWO in-place, the contractor will begin the physical project close-out. The physical close-out of a WA will include the following activities at a minimum:

- Compiling of project files;
- Turning over all requested files (either in hard copy or microfiche format) to EPA;
- Turning over any Government-owned equipment to the project inventory or to the EPA Equipment Coordinator (if equipment was purchased with WA funds); and
- Verifying that all appropriate site charges are being processed for inclusion in the final invoice.

All other close-out procedures and subsequent processing guidelines will be in accordance with the contractor's Management Plan.

# 4.0 MANAGEMENT PLAN FOR MULTI-REGIONAL ARCS CONTRACTS

## 4.1 BACKGROUND

Management of ARCS contracts in the two Multi-Regional Zones will require some modification to the management procedures and responsibilities designed for the single Region ARCS programs. This section describes procedures for managing ARCS contracts in the Multi-Regional Zones, by addressing how this situation differs from ARCS contract management in a single Region. Specifically, this section addresses the required coordination between Regions for Award Fee determination, work assignment selection, and maintenance of contract records.

These instructions focus on activities of Project Officers (POs) in the Multi-Regional Zones. As in single Region ARCS, a PO must be appointed in each Region. However, this individual will perform two separate functions:

- He will be the PO for selected ARCS contractors within the Zone based on the contractors' proximity to the EPA Regional Headquarters and will perform general contract administration functions for that contract in accordance with the guidance in this document.
- He will serve as Deputy Project Officer (DPO) for all other contracts within the Zone and will have direct project management responsibility for all remedial projects within the Region.

The duties of other EPA personnel such as Regional Contracting Officer (CO) and the Remedial Project Manager (RPM) will remain essentially unchanged from those in single Region ARCS.

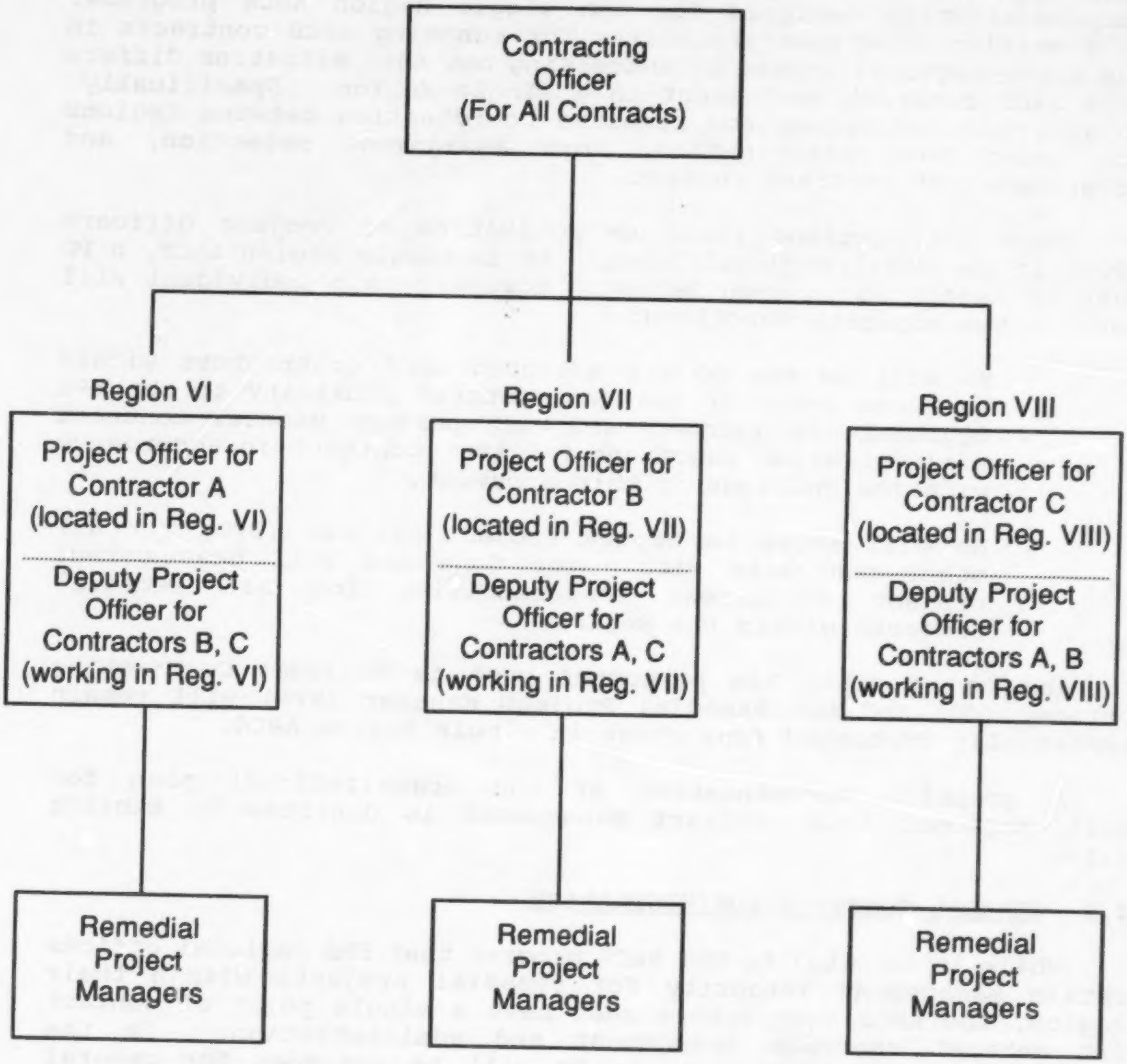
A graphic representation of the organizational plan for Multi-Regional ARCS contract management is depicted in Exhibit 4.1-1.

## 4.2 GENERAL CONTRACT ADMINISTRATION

While it is vital to the ARCS program that EPA Regional offices retain management authority for remedial projects within their Region, the ARCS contractors must have a single point of contact for general contract management and administration. In the Multi-Regional Zones, a single PO will be assigned for general contract administration of each contractor. The PO will conduct the administrative and recordkeeping functions that are not project-specific and will provide necessary coordination for functions such as award fee determination and new work assignment distribution that require input and/or participation from more than one Region.

# EXHIBIT 4.1-1

## Organizational Plan For Multi-Regional ARCS Contract Management


Contracting Officer (For All Contracts)
Region VI
Project Officer for Contractor A (located in Reg. VI)
Deputy Project Officer for Contractors B, C (working in Reg. VI)
Region VII
Project Officer for Contractor B (located in Reg. VII)
Deputy Project Officer for Contractors A, C (working in Reg. VII)
Region VIII
Project Officer for Contractor C (located in Reg. VIII)
Deputy Project Officer for Contractors A, B (working in Reg. VIII)
Remedial Project Managers
Remedial Project Managers
Remedial Project Managers

Deputy Project Officers have full authority to manage Work Assignments within their Region. DPOs must forward copies of all relevant contract documentation to the assigned PO for central filing.

The PO assignments will be based on the proximity of the EPA Regional office to the management and administrative offices or Headquarters of the ARCS contractor. For example, an ARCS contractor with Headquarters in Colorado Springs, Colorado, would be assigned to a PO in Region VIII. If an ARCS contractor does not have Headquarters or administrative offices within the Zone, or has several offices in different Regions within the Zone, the PO assignment will be designed to maximize administrative convenience for EPA and the vendor, and to control travel costs. EPA has complete discretion in assigning POs to ARCS contractors, and there is no requirement to formally justify the selection. Regions, however, should make PO assignments that will facilitate timely and cost-effective administration of the contracts. Where a question arises regarding the appropriate assignment, the ARCS contractor may be queried as to his preference during final negotiations.

## 4.3 MANAGING WORK ASSIGNMENTS

Each PO in a Multi-Regional Zone will serve as DPO for ARCS contractors that are assigned to other Regions within the Zone for general contract administration. For example, a contractor with Headquarters in Dallas will have its PO in Region VI and will have DPOs in Regions VII and VIII. POs in each Region within a Zone will therefore have full authority to manage all work assignments within their Region.

When applicable, DPOs will coordinate activities with the PO to assure compliance with basic contract terms and conditions and will forward copies of all work assignment documentation to the PO to allow maintenance of a single, complete contract file. Also, the DPO and PO must coordinate activities with the CO and obtain CO signature and/or approval whenever necessary. PO/DPO responsibilities for work assignment management include:

- Project Management - The PO/DPO will have full authority to issue and manage work assignments within the Region. Specific activities include:
    - Issue and amend work assignments
    - Approve work plans
    - Provide technical direction
    - Monitor contractor performance
    - Direct activities of the RPMs within their Region
    - Prepare Award Fee Performance Event Reports and Work Assignment Completion Reports for use by the Performance Evaluation Board (PEB).

- Project Coordination - In cases where a DPO is managing a work assignment performed by an ARCS contractor which reports to a different Region for general contract administration, the DPO will be responsible for coordinating activities with the PO where necessary and for forwarding all project-specific documentation to the PO for the central contract file. Records that must be forwarded to the PO include:

  - Work assignments and amendments
  - Final work plans
  - Written technical direction
  - Records of disputes or performance problems
  - Copies of approved invoices
  - Any written reports on contractor performance
  - Copies of all subcontracts
  - Any documentation regarding conflict of interest.

  The above list is not intended to be comprehensive. The DPOs are responsible for forwarding to the PO any information that relates to the general contract administration responsibilities described above.

## 4.4 AWARD FEE DETERMINATION MEETING

The PEB in Multi-Regional Zones should be made up of representatives of each Region and will be convened on a rotating basis in each Regional office. It is suggested that the Division Director in the host Region act as PEB Chairman. The PO in the host Region will coordinate PEB meetings by setting schedules and agenda, arranging for conference or meeting facilities, collecting and distributing the individual contractor performance information packages, and providing an Executive Secretary for the PEB who will prepare the Performance Evaluation Report. The award fee determination process is discussed in Section 3.2.

## 4.5 WORK ASSIGNMENT DISTRIBUTION MEETING

Project-specific work assignment distribution for Multi-Regional Zones will be performed annually. Meetings involving representatives from each Region should be rotated among the Regions and chaired by the PO in the host Region. Any reasonable and consistent procedures that comply with the requirements for distributing work and exercising contract options under ARCS (Section 3.3) are acceptable.

# APPENDIX I

## EPA Directives

| DIRECTIVE # | EFFECTIVE DATE | TITLE |
|---|---|---|
| 9230.0-02 | 11/85 | Superfund Community Relations Policy |
| 9230.0-03a | | Community Relations Activities at Superfund Enforcement Sites: Interim Guidance |
| 9230.0-05 | 10/83 | Community Relations Requirements for Operable Units |
| 9234.0-02 | 02/84 | CERCLA Compliance with Other Environmental Statutes |
| 9234.0-04 | | Applicability of RCRA Requirements to CERCLA |
| 9234.0-05 | 08/86 | Interim Guidance on Compliance with Applicable or Relevant and Appropriate Requirements |
| 9240.0-01 | 07/87 | User's Guide to the Contract Laboratory Program |
| 9240.0-02 | 10/84 | Analytical Support for Superfund |
| 9242.3-07 | 08/86 | Draft - Implementation of the Decentralized Contractor Performance Evaluation and Award Fee Process for Remedial Program Contracts |
| 9260.2-00 | 03/86 | CERCLA Delegations of Authority (Set of all current delegations) |
| 9272.0-05 | 08/85 | Responsibilities for Federal Facilities |
| 9280.0-01 | 09/84 | Flood Plain Requirements |
| 9283.1-01 | 08/85 | Recommendations for Ground Water Remediation at the Millcreek, Pennsylvania Site |
| 9283.1-02 | 03/86 | Draft - Guidance on Remedial Actions for Contaminated Groundwater at Superfund Sites |

| DIRECTIVE # | EFFECTIVE DATE | TITLE |
|---|---|---|
| 9285.1-01B | | Standard Operating Safety Guide Manual |
| 9285.2-01 | 11/84 | Field Standard Operating Procedures Manual S: FSOP #4 Site Entry |
| 9285.2-02 | 01/85 | Field Standard Operating Procedures Manual S: FSOP #7 - Decontamination of Response Personnel |
| 9285.2-03 | 01/85 | Field Standard Operating Procedures Manual S: FSOP #8 - Air Surveillance |
| 9285.2-04 | 01/85 | Field Standard Operating Procedures Manual S: FSOP #6 - Work Zones |
| 9285.2-05 | 04/85 | Field Standard Operating Procedures Manual S: FSOP #9 - Site Safety Plan |
| 9285.3-02 | 03/84 | Employee Occupational Health and Safety |
| 9285.4-01 | 07/87 | Superfund Public Health Evaluation Manual |
| 9285.5-01 | 10/86 | Draft - Superfund Exposure Assessment Manual |
| 9285.6-01 | | Superfund Risk Assessment Information Directory |
| 9295.1-01 | 12/86 | MOU Between the ATSDR and EPA |
| 9295.2-03 | 06/83 | Interagency Agreement Between the Corps of Engineers & EPA in Executing PL 96-510 (CERCLA) |
| 9295.5-01 | 08/83 | MOU Between FEMA and EPA for the Implementation of CERCLA Relocation Activities Under PL 96-51 |
| 9318.0-02 | 05/81 | Guidance on Superfund NEPA Policy: Areas of Responsibility |
| 9318.0-03 | 08/81 | CERCLA Remedial Actions and NEPA/EIS Functional Equivalency |

| DIRECTIVE # | EFFECTIVE DATE | TITLE |
|---|---|---|
| 9318.0-04 | 08/84 | Coordination Between Regional Superfund Staffs and OFA Regional Counterparts on CERCLA Actions |
| 9320.2-03 | 04/86 | Draft - Guidance on Deletion of Sites from the National Priorities List (NPL) |
| 9330.1-02 | 01/83 | Evaluation of Program and Enforcement Lead RODs for Consistency with RCRA Land Disposal Restrictions |
| 9330.2-04 | 05/85 | Discharge of Wastewater from CERCLA Sites into POTWs |
| 9347.0-01 | 01/86 | Interim RCRA/CERCLA Guidance on Non-Contiguous Sites and On-Site Management of Waste Residue |
| 9355.0-04A | 06/86 | Superfund Remedial Design and REmedial Action Guidance |
| 9355.0-05C | 06/86 | Guidance on Feasibility Studies Under CERCLA |
| 9355.0-06B | 06/85 | Guidance on Remedial Investigations Under CERCLA |
| 9355.0-07A | 06/85 | Draft - Data Quality Objectives Development Guidance for Remedial Response Actions |
| 9355.0-07B | | Data Quality Objectives for Remedial Response Activities (2-volume set) |
| 9355.0-10 | 04/85 | Remedial Action Costing Procedures Manual |
| 9355.0-14 | 11/85 | A Compendium of Superfund Field Operations Methods (2-Volumes) [Formerly: Draft - Quality Assurance/Field Operations Methods Manual] |
| 9355.0-19 | 08/86 | Interim Guidance on Superfund Selection of Remedy |
| 9355.1-01 | 12/86 | Federal-Lead Remedial Project Management Manual |

| DIRECTIVE # | EFFECTIVE DATE | TITLE |
|---|---|---|
| 9355.3-01 | 12/86 | Guidance Document for Providing Alternative Water Supplies |
| 9360.0-10 | 12/85 | Expedited Response Actions |
| 9360.0-13 | 04/87 | Guidance on Implementation of the "Contribute to Remedial Performance" Provision |
| 9360.0-15 | 02/87 | The Role of Expedited Response Actions Under SARA |
| 9375.1-04 | 05/84 | State Participation in the Superfund Program, Volume 1 |
| 9375.1-05 | 03/86 | State Participation in the Superfund Program, Volume 2 |
| 9375.1-09 | 02/87 | Interim Guidance on State Participation in Pre-Remedial and Remedial Response |
| 9380.0-02 | 03/84 | Slurry Trench Construction for Pollution Migration Control |
| 9380.0-03 | 02/84 | Guidance Document for Cleanup of Surface Tank and Drum Sites |
| 9380.0-04 | 05/85 | Remedial Action at Waste Disposal Sites Handbook (Revised) |
| 9380.0-05 | 10/85 | Leachate Plume Management |
| 9380.0-06 | 11/85 | Guidance Document for Cleanup of Surface Impoundment Sites |
| 9380.2-03 | 11/85 | Superfund Innovative Technology Evaluation (Site) Program Strategy and Program Plan |

## APPENDIX II

## Program Management Award Fee Allocation

The available award fee pool for any program management (PM) base or option award will be allocated evenly over three rating periods. Because PM options may be exercised at any time, the additional award fee, made available with the exercise of an option, will be added to the pool already available in the rating periods affected. If the PM option is awarded prior to the mid-point of a given rating period the award fee pool allocation will begin with that rating period. If the option is exercised after the mid-point of a given rating period the award fee pool allocation will begin with the next rating period.

Exhibit II-1 illustrates the PM award fee allocation methodology by showing the available award fee pool for the hypothetical ARCS contract described below:

Contract Award Date - January 1, 1988

Award fee rating periods - Four months each, beginning January 1988

First year base PM award fee pool - $30,000

First year option PM award fee pools - $15,000 each

Second year base PM award fee pool - $24,000

First PM option award - May 30, 1988

Second PM option award - November 15, 1988

The base award fee pool in this situation is allotted evenly between the first three rating periods with $10,000 allocated to each. With the award of the first PM option on May 30, the award fee pool allocation of $5,000 for each of three rating periods begins in the second rating period (May 1, 1988 to September 1, 1988), because the award date falls in the first half of that rating period. The award fee pool allocation for the second PM option award begins in the fourth rating period (January 1, 1989 to May 1, 1989), because the option award date falls in the second half of the third rating period. The second year base PM award fee pool allocation begins with the fourth rating period.

In each case, the award fee pool allocation is added to the pool already available for a given rating period. Thus the award of a PM option during the second rating period adds $5,000 in award fee to the pool of $10,000 that was allocated in the base award to the second and third rating periods, and the award fee pool in

## EXHIBIT II - 1
## AWARD FEE POOL ALLOCATION

| | RATING PERIOD | | | | | |
|---|---|---|---|---|---|---|
| | JAN. 1 - APR. 30, 1988 | MAY 1 - AUG. 31, 1988 | SEPT. 1 - DEC. 31, 1988 | JAN. 1 - APR. 30, 1988 | MAY 1 - AUG. 31, 1989 | SEPT. 1 - DEC. 31, 1989 |
| **AWARD FEE POOL AVAILABLE FROM AWARD 1/1/88** | 10,000 | 10,000 | 10,000 | | | |
| **AWARD FEE POOL AVAILABLE FROM PM OPTION EXERCISE 5/30/88** | | 5,000 | 5,000 | 5,000 | | |
| **AWARD FEE POOL AVAILABLE FROM PM OPTION EXERCISE 11/15/88** | | | | 5,000 | 5,000 | 5,000 |
| **AWARD FEE POOL AVAILABLE FROM 2ND YEAR BASE PM ALLOCATED 1/1/89** | | | | 8,000 | 8,000 | 8,000 |
| **TOTAL AWARD FEE AVAILABLE AT END OF RATING PERIOD** | 10,000 | 15,000 | 15,000 | 18,000 | 13,000 | 13,000 |

subsequent rating periods increases with each option or base award. The column at the bottom of Exhibit II-1 shows the total available award fee at the conclusion of each rating period.

The PO is responsible for reporting the available PM award fee pool for each ARCS contractor to the PEB. This computation should take place after the mid-point of any rating period to ensure that all PM options that would apply to that rating period are included in the award fee pool allocation.

## APPENDIX III

## WORK PLAN EVALUATION CHECKLIST

### Addressing the Work Assignment (WA)

A. Does the contractor address all WA requirements?

_____
YES

_____ (Describe what requirements must be addressed)
NO

B. Does the contractor include any work that is not required?

_____
NO

_____ (Describe extraneous work included by contractor)
YES

C. Is the schedule, including critical path and interim milestones, acceptable?

_____
YES

_____ (Describe a realistic schedule)
NO

D. Is the management structure sound? Does it include appropriate quality assurance procedures?

_____
YES

_____ (Describe problems with management structures)
NO

### Skill Levels/Hours

A. Is the caliber of personnel proposed appropriate for the work involved?

_____
YES

_____ (Describe the professional and technical levels suitable for the WA)
NO

B. Comment on the number of hours proposed in each labor category.

(Discuss the make-up of the labor spread including amounts of supervisory, professional, technical, and clerical effort)

C. Are there concerns that key personnel will not be available as proposed?

____ NO

____ YES (Identify possible problems with availability of key personnel)

Material and Equipment

A. Evaluate the reasonableness of the types of material and equipment proposed.

B. Indicate the reasonableness of proposed prices for material and equipment.

(Include pertinent catalogue information in explanation)

C. May Government furnished property/material be used?

____ NO

____ YES (Describe GFP/GFM that may be used, and availability)

## Travel

A. Is the number of trips reasonable?

______ YES

______ NO (Describe the trips that should be taken and the recommended number of trips)

B. Should the length of stay and number of travelers be adjusted?

______ NO

______ YES (Discuss the need for certain parties to attend meetings and how long visits should be)

## Consulting and Subcontracting Effort

A. Evaluate the reasonableness of consultant effort proposed.

B. May other consultants be considered?

______ NO

______ YES (Explain)

C. Evaluate the proposed subcontracting effort and costs.

D. Are the subcontractors cited in the WP on the list of approved subcontractors?

______ YES

______ NO

## Computer Effort and Printing

A. Evaluate the need for the computer effort proposed.

B. Has OIRM reviewed for use of Government computer sources?

____ YES

____ NO

C. Comment on the proposed costs associated with printing and preparing reports.

## SAFETY AND CONTINGENCY MEASURES

A. Are the proposed safety and contingency measures adequate?

____ YES

____ NO (If no, explain problems and possible remedies)

## SUMMARY

The aforementioned aspects of the submitted WP are recommended for approval, approval with changes, and/or disapproval, as appropriate. If no changes to the WP submission are recommended, the ACO may approve the final WP. However, if changes are recommended, the ACO may use this memo to justify negotiation of additions or subtractions to WP skill levels/hours, consultant efforts, types of material and equipment, travel, computer effort, printing, etc.

| | APPROVED | APPROVED W/CHANGES | DISAPPROVED |
|---|---|---|---|
| 1. Addressing the WA | | | |
| 2. Statement of Work | | | |
| 3. Skill Levels/Hours | | | |
| 4. Material and Equipment | | | |
| 5. Travel | | | |
| 6. Consulting and Subcontracting Effort | | | |
| 7. Computer Effort and Printing | | | |
| 8. Safety and Contingency | | | |
| 9. Other_________________ | | | |

_________________________ RPM/RPO SIGNATURE

__________ DATE

## APPENDIX IV

## LIST OF ACRONYMS

| | |
|---|---|
| ARCS | Alternative Remedial Contracting Strategy |
| CO | Contracting Officer |
| COI | Conflict of Interest |
| CPAF | Cost-Plus-Award-Fee |
| DPO | Deputy Project Officer |
| FDO | Fee Determination Official |
| LOE | Level-of-Effort |
| NPL | National Priorities List |
| ODC | Other Direct Charges |
| PEB | Performance Evaluation Board |
| PER | Performance Evaluation Report |
| PIRS | Performance Index Rating Score |
| PM | Program Management |
| PO | Project Officer |
| PR | Procurement Request |
| RA | Remedial Action |
| RD | Remedial Design |
| REM | Remedial Planning Contractors |
| RES | Regional Evaluation Summary |
| RI/FS | Remedial Investigation/Feasibility Study |
| RPM | Remedial Program Manager |
| SCAP | Superfund Comprehensive Accomplishments Plan |
| SER | Summary Evaluation Report |
| SOP | Standard Operating Procedure |
| SOW | Statement of Work |
| SWO | Stop Work Order |
| TDM | Technical Direction Memorandum |
| WA | Work Assignment |
| WACR | Work Assignment Completion Report |
| WAF | Work Assignment Form |
| WPM | Work Plan Memorandum |

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